Daily Report

Latin America

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CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

Part Two of Inquiry Into Arms Shipment Begins *[CANA]* 1

CARIBBEAN

Cuba

Alarcon Warns Against Use of Force in Gulf *[Havana TV]* 2
GRANMA Views UN Resolution on Use of Force *[Havana TV]* 2
Castro Speaks at Graduation; Doctors Stay in Iraq *[Havana Radio]* 2
Castro Opens UN Congress on Crime Prevention *[Havana Radio]* 2
Foreign Trade Ministry Official Arrives in CSFR *[Havana Radio]* 3
DPRK Vice Foreign Minister Speaks on Relations *[Havana TV]* 3
Oramas, Qian Qichen Hold Talks in Beijing *[Havana Radio]* 3
* Unauthorized Ration Book Lotteries Denounced *[TRABAJADORES 18 Jul]* 3

Inter-Caribbean Affairs

Two Bahamians To Assist With Elections in Haiti *[CANA]* 4

Dominica

Minister Discusses Cuban Trade Possibilities *[CANA]* 4

Dominican Republic

Workers To Go on General Strike 10-13 September *[Havana Radio]* 5
* First Half Revenues 3.19 Billion Pesos *[LISTIN DIARIO 19 Jul]* 5
* Deficit Up 576.8 Million Pesos *[EL SIGLO 5 Jul]* 5

Haiti

Reports Say Trouillot May Be Replaced This Week *[CANA]* 6
FNP States Position on Elections *[Port-au-Prince Radio]* 7
New Cabinet Formed After Ministers' Resignations *[Port-au-Prince Radio]* 7
Opinions Divided on New Cabinet, Executive *[Port-au-Prince Radio]* 7
Commerce Minister Holds News Conference 24 August *[Port-au-Prince Radio]* 8

Trinidad and Tobago

Government To Assist Businesses Affected by Coup *[CANA]* 9

MEXICO

Government Says No Preferential Crude Prices *[NOTIMEX]* 10
New Party Created To Promote Socialism *[NOTIMEX]* 10

CENTRAL AMERICA

El Salvador

Cristiani Announces Defense Minister's Retirement *[San Salvador Radio]* 11
Mexico Maintaining Preferential Oil Quota *[Mexico City NOTIMEX]* 11
Ruben Zamora, Ungo Discuss Jesuit Case *[San Salvador TV]* 11
Judge May Summon Colonels on Jesuit Case *[DIARIO LATINO 24 Aug]* 12
Report on FMLN Actions, Clashes With Army *[Radio Venceremos, etc.]* 12
Soviet Official on Trade, Consular Cooperation *[San Salvador TV]* 13

Guatemala

Rios Montt on Registration as Candidate *[SIGLO VEINTIUNO 23 Aug]* 14
Recent Rebel-Army Clashes Reported *[EL GRAFICO 19 Aug, etc.]* 15
* 1991 Budget To Reach 7 Billion Quetzales *[SIGLO VEINTIUNO 14 Jul]* 15
* Attorney Reports Human Rights Violations *[SIGLO VEINTIUNO 24 Jul]* 16
* Assembly Industry Earns $30 Million *[DIARIO DE CENTRO AMERICA 30 Jul]* 16

Nicaragua

FSLN Consultation Document on Party Congress *[BARRICADA 9 Aug]* 16

Panama

Arias Calderon Analyzes Government Mission *[EL PANAMA AMERICA 26 Aug]* 19
Foreign Minister Comments on Legal Aid Treaty *[LA ESTRELLA DE PANAMA Aug 22]* 23
Public Force Surrounds National Institute *[Panama City Radio]* 24
Police Use Tear Gas *[Panama City TV]* 25
Mediators Proposed *[Panama City TV]* 25
Group of Teachers Oppose Demonstration on 29 Aug *[Panama City TV]* 25
Romanian Diplomat Visits Foreign Ministry *[EL PANAMA AMERICA 25 Aug]* 26

SOUTH AMERICA

Argentina

President Carlos Menem Departs for Chile *[TELAM]* 27

Brazil

Diplomat Ordered To Return to Embassy in Kuwait *[FOLHA DE SAO PAULO 25 Aug]* 27
Government Suspends Contracts With Iraq *[O GLOBO 27 Aug]* 27
Official Views Nuclear Agreements With Iraq *[FOLHA DE SAO PAULO 24 Aug]* 27
* Latin American, Caribbean Left Convenes 28
* Lula Promotes Leftist Front *[CORREIO BRAZILIENSE 3 Jul]* 28
* Swimming Against the Tide *[CORREIO BRAZILIENSE 3 Jul]* 29
* Dancing to the Perestroyka Tune *[CORREIO BRAZILIENSE 4 Jul]* 29
* Cuban Model Criticized *[CORREIO BRAZILIENSE 5 Jul]* 29
* Goals of Informatics Plan Until 1993 Cited *[O GLOBO 12 Jul]* 30
* Sale of Osorio Tanks to Saudis Said Imminent *[FOLHA DE SAO PAULO 5 Jul]* 30
* Investments in Portugal Rising: Trade Figures *[O ESTADO DE SAO PAULO 15 Jul]* 31
* Current Wave of Kidnappings in Rio Assessed *[ISTOE 25 Jul]* 32
* Goals, Risks of New Industrial Policy Viewed *[EXAME 11 Jul]* 37

Chile

Argentine President Arrives on Official Visit *[Santiago Radio]* 42

Colombia

President Gaviria Discusses Constituent Assembly *[Bogota Radio]* 42
Government-EPL Peace Talks Successful So Far *[Bogota TV]* 49
EPL To Disband, Return to Civilian Life *[Madrid EFE]* 49
Establishes Second New 'Peace Camp' *[Bogota TV]* 50
Father of Medellin Cartel Leaders Arrested *[AFP]* 50
ELN Action, Clash With Army Troops Reported *[Bogota TV]* 50
* Deterioration of Economy Under Barco Viewed *[EL ESPECTADOR 15 Jul]* 50

Ecuador

Guerrilla Group Suspends Peace Dialogue *[AFP]* 54

Peru

* Drought Affects Provinces; Forecast Uncertain 54
* State of Emergency Declared *[EL COMERCIO 15 Jul]* 54
* Weather Service Comments *[EL COMERCIO 10 Jul]* 54
* Gas Shortages Seen Affecting Outlying Regions 55
* PETROPERU Admits Shortage *[EL COMERCIO 6 Jul]* 55
* Impact on South *[EXPRESO 16 Jul]* 55
* Northern Cities Affected *[EL COMERCIO 5 Jul]* 55

Venezuela

Evacuation of Citizens in Kuwait Aborted *[Madrid EFE]* 56

Guyana

Commonwealth Team To Visit, Discuss Elections *[CANA]* 56

Part Two of Inquiry Into Arms Shipment Begins

FL2708235790 Bridgetown CANA in English 2323 GMT 27 Aug 90

[Report by Colin James]

[Text] St. John's, Antigua, Aug 27, CANA—A shipment of Israeli arms to Antigua, which ended up with a Colombian drug lord, was part of "a diabolical conspiracy" to establish a training school for assassins,the lawyer for an official government inquiry said here Monday.

"Antigua was to have become a university for international terrorists to learn their trade taught by Israeli war veterans prepared to do anything for money and perhaps British mercenaries," British lawyer Geoffrey Robertson said during a three-and-a-half hour presentation to the opening session of part two of a government appointed commission of inquiry.

Robertson said the commission headed by another British lawyer, Loius Blom-Cooper, was receiving assistance from the counsel of the U.S. Senate committee investigating Israeli involvement in the sale of arms to Colombia and the training of South American terrorists. He said Israel had promised that it would assist the commission to establish the truth "irrespective if that truth involves criticism of its conduct or the conduct of Israeli nationals." He described the scheme as "a project worthy of the imagination of the creator of James Bond" but "seriously contemplated and indeed financed by Gonzalo Rodriguez Gacha" on whose farm the arms were found by Colombian security forces.

Robertson said the original intention was for the arms to be collected by the "quarter master general" of the training school but the idea of the school fell through here.

He theorised that the arms would be sold at what the Americans called "a pro-shop" where "you learn to use the weapons during your stay at school and you take a few back with you."

The proposed military school was also to have been used in the training of personnel from the Antigua Defence Force Police, he said.

Robertson, in his presentation, also outlined the activities of Maurice Safarti, a former melon farmer here who enjoyed a close relationship with several government ministers, including Vere Bird, Jr. Safarti is believed to have masterminded the project with help from Israeli Reserve Colonel Yair Klein, who conducted training in Colombia for Gacha, and Israeli Brigadier General Pinchas Shahar, an official of Israeli Military Industries, living in Miami where Safarti also had an office.

The counsel for the commission re-called meetings Vere Bird, Jr. and head of the Antigua and Barbuda Defence Force Colonel Clyde Walker had with Safarti, Klein, and Shahar and also several telephone calls. But he warned that it was unwise to draw conclusions about Bird's and Walker's invovlement with the Israeli nationals.

Bird, who has been relieved of duties as works minister pending the outcome of the inquiry, has denied involvement in the scheme.

"It is the nature of conspiracies to involve unwitting agents to taint unfairly all persons they touch. We shall in examining this evidence see the names of people in Antigua, the U.S., Israel, and I might caution, particularly the media, at this point against jumping to conclusions," Robertson said.

"Mr. Vere Bird, Jr. and Lt. Col. Walker have suffered much [word indistinct] as a result of their admitting to meetings with Col. Klein.

"They are not on trial and they are implicated by evidence which is partly circumstantial and partly from very dubious sources. While they will possibly now accept that they were (duped), that's a far cry from saying they were part of this conspiracy," Robertson said.

The inquiry continues Tuesday.

Cuba

Alarcon Warns Against Use of Force in Gulf

FL2708231890 Havana Television Service in Spanish 0000 GMT 26 Aug 90

[Text] Cuba today reiterated its most decisive rejection of the use of force in the Arab Persian Gulf crisis and warned that the measure may contribute to a catastrophe of immeasurable consequences.

Cuban Ambassador Ricardo Alarcon said that the decision adopted this morning is unprecedented in the history of the organization [United Nations] and contradicts the Security Council's responsibility to contribute to international peace and security. He stressed that the resolution violates most of Article Seven of the charter to endorse the unilateral military activities of a member state, the United States, regardless of the resolutions previously adopted by that organization.

Alarcon said that no one has even asked for time to determine if the economic sanctions that were approved last 6 August against Iraq are having the proper results [words indistinct].

GRANMA Views UN Resolution on Use of Force

FL2708140590 Havana Tele Rebelde Network in Spanish 1250 GMT 27 Aug 90

[Text] The newspaper GRANMA published today an analysis report entitled "The Use of Force: Unprecedented in the UN History." The analysis refers to the recently-approved UN Security Council Resolution 661. It says that after a week of negotiations, the United States was able to get the Security Council to adopt on Saturday a resolution that, for the first time in the history of the United Nations, authorizes the use of force to implement an embargo; in this case, against Iraq.

It says that the original text distributed on 20 August was changed several times. It was modified, but the changes do not alter its essential meaning. Paragraphs were maintained that constitute a grave transgression and an unacceptable reinterpretation of the UN Charter, validating the illegal actions the U.S. fleet had been carrying out in the Gulf.

GRANMA says, in analyzing the matter, one has to take into account that Resolution 661, which established the embargo against Iraq, includes measures that do not involve the use of force. GRANMA states that the approved document establishes a naval blockade on Iraq which violates the UN Charter. It immediately asks: What does the transgression consist of? That it has been decided to implement measures that involve the use of force without confirming that those implemented as a result of Resolution 661 are or have been shown to be inadequate. It is unheard-of that the United Nations, which has never authorized the use of force in the 45 years since the organization was founded, does so now in such an irresponsible manner, without even establishing to which states it applies, to what degree they may use force, or who decides what force measures are in line with the necessary circumstances.

GRANMA explains that this was the context in which Cuba refused to support such a transgression of the UN Charter or validate with its vote the pirate actions the U.S. fleet has been conducting in the Arab Persian Gulf. Cuba believes that the UN secretary general, the Security Council, the Arab League and Nonaligned Movement leaders could act in favor of a political solution to prevent a greater conflict and achieve the UN goals.

GRANMA concludes by saying that Resolution 661, by decreeing a virtual naval blockade on Iraq, does not justify the current situation and in fact leaves in the hands of the Yankee Navy officials the decision whether or not to use force and to what degree. This is objectionable not only from the legal point of view, but it also represents a military escalation that can only increase tension and make more difficult the political solution [words indistinct] international community.

Castro Speaks at Graduation; Doctors Stay in Iraq

FL2808022690 Havana Radio Reloj Network in Spanish 0202 GMT 28 Aug 90

[Report by Lazaro Chien Macate]

[Text] Commander in Chief Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba and president of the Councils of State and Ministers, has presided over the graduation of close to 2,000 doctors, dentists, and nurses from the Havana Higher Institute of Medical Sciences.

Our top leader decorated the group of Cuban doctors, who were kidnapped when they were fulfilling a mission in the Republic of Ethiopia, with the Internationalist Worker and Labor Feat Medals.

Speaking at the graduation ceremony, Fidel said he joined in giving congratulations to the graduates and added with enthusiasm to the glorious slogan of Fatherland or death; we will win!

The commander in chief said that Cuban doctors in Iraq will continue to render services there since it does not make any sense under the current circumstances to withdraw them from that country.

Castro Opens UN Congress on Crime Prevention

FL2708180390 Havana Radio Rebelde Network in Spanish 1700 GMT 27Aug90

[Report by Josefa Bussi from Havana's Palace of Conventions]

[Excerpts] Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers of Cuba, spoke today at the opening session of the Eighth UN Congress on Crime Prevention and Treatment of Criminals. The chief of the Cuban Revolution referred in his

speech to the importance of international cooperation in the struggle against crime and Cuba's stand on the subject. [passage omitted]

The chief of the Cuban Revolution also referred to the crime prevention work in our country. Fidel Castro talked about the current crime situation in the entire world which is related to poverty, margination, hunger, culture, and development inequality. [passage omitted] President Fidel Castro wished the participants a successful congress.

Juan Escalona Reguera was elected as chairman of the congress during the opening session. A message sent by UN Secretary General Javier Perez de Cuellar was read. The work sessions will begin in the afternoon with the attendance of over 1,400 delegates from 124 countries.

Foreign Trade Ministry Official Arrives in CSFR

FL2708233190 Havana Radio Rebelde Network in Spanish 2311 GMT 27 Aug 90

[From the "Exclusivo" program]

[Text] Pedro Alvarez, Cuban vice minister of foreign trade, has arrived in the CSFR to discuss the development of trade relations with authorities of that European country. It was reported that during the talks, the participants will examine the current condition of bilateral trade and its prospects for the next year.

This meeting was agreed upon at the most recent meeting of the bilateral intergovernmental commission for trade cooperation held in Havana in June 1990.

DPRK Vice Foreign Minister Speaks on Relations

FL2808013590 Havana Television Service in Spanish 0000 GMT 28 Aug 90

[Text] The DPRK Vice Foreign Minister (Son Kon-chong) today granted a news conference in Havana on the occasion of the 30th anniversary of diplomatic relations

[Begin (Son Kon-chong) recording] [video gives close-up shot of vice foreign minister reading statement in Spanish] Bilateral relations established in the first moments after the triumph of the Cuban revolution have been writing the most beautiful pages ever seen in history. The relations between our two countries have been characterized throughout history by the comrades and revolutionaries who are loyal to the principles of the revolution and the obligation of camaraderie. [end recording]

The DPRK vice minister later mentioned the situation in the Korean peninsula. He said that the United States does not want the reunification of Korea; instead, it would prefer the country's perpetual division. Its intentions, he said, are to convert the country into a permanent military base. Progress will be made only if the Seoul authorities sit down to negotiations with a constructive attitude, said the vice foreign minister, who is visiting our fatherland on the occasion of the 30th anniversary of Cuban-Korean relations.

Oramas, Qian Qichen Hold Talks in Beijing

FL2708210090 Havana Radio Reloj Network 1956 GMT 27 Aug 90

[Text] Chinese Foreign Minister Qian Qichen and Cuban Vice Foreign Minister Oscar Oramas Oliva today held a meeting in Beijing, which they both described as fraternal and frank. The two officials said that the 30th anniversary of the establishment of diplomatic relations between the two countries on 28 September is an important event that indicates these relations have stood the test of time. The two diplomats also exchanged views on bilateral relations and international affairs, including the situation created in the Arab Persian Gulf.

Prior to this meeting, the Cuban vice minister and the delegation he heads held a working meeting with a team presided over by his Chinese counterpart Liu Huaqiu, which comprises part of the cooperation agreement between the Chinese and Cuban Foreign Ministries.

* Unauthorized Ration Book Lotteries Denounced

90CA0095A Havana TRABAJADORES in Spanish 18 Jul 90 p 5

[Article by Jose Francisco Reyes]

[Text] Rigoberto Fernandez, deputy minister of domestic commerce, expressed his disagreement with the practice in some places in the country where a lottery is used to determine which of the female workers can obtain manufactured goods.

In this respect, he pointed out that "we should remember first of all the numerous measures which our revolutionary government has adopted in past years to ensure that even under the present, difficult conditions we can still achieve an equitable distribution of essential consumer goods."

He continued: "Therefore, priorities are established on manufactured goods to ensure that specific needs, such as: work clothing and shoes, uniforms for workers and medical students, ready made clothing and other products for layettes, babies, students, people about to be married, and others, are guaranteed.

"Furthermore," he added, "as a form of recognition by society, under the CTC-CI [Cuban Workers Federation-Domestic Trade] program workers with the best records are given the right to obtain refrigerators, air conditioners, and color TV sets."

In terms of raffles, he stated that, as far as he was aware, in the municipalities where this method has been used, it came up as an initiative adopted, in most cases, by

administrators who developed this idea with the intention of finding the most just and equitable system for dividing work shifts among female workers. However, this system created expectations in terms of chance or luck, as if the solutions for the problems of society could be resolved in this way, and not as a result of conscious and concrete action by the masses.

He added: "Nevertheless, I think that when these administrators adopted this selection system, they failed in their responsibilities as representatives of the state on matters within and outside of their institutions, when they did not ask for a review of their initiatives by a higher authority.

"In the same way they did not take into account the disappointment felt by female workers who repeatedly were not 'lucky' enough to have their ration books drawn in the raffles. They failed to notice that this method could also be violated, as happened on an earlier occasion of which I am aware."

He pointed out, "this is a matter which I could further expand, since we have had experience with the struggle to preserve the rights of citizens, where the violation or weakening of rules in dealing with problems only worsened them, instead of resolving them."

In discussing the present system for female workers in obtaining products subject to certain rules, he indicated that consideration is given to the order of priority which an individual female worker has. Two days a week, she is allowed to select products in her province or municipality by presenting her identification card, in addition to the approval of her purchasing group, in areas where this system is in use.

Referring to the organization of lines outside stores and given the responsibility which administrators of a given work unit have, the deputy minister stated that such administrators have an obligation to organize entry into the unit. They should not allow unscrupulous elements to take advantage of the possibilities and priorities provided to female workers. Whenever they are unable to organize lines on their own, they should ask for the help and participation of competent authorities. He said that we are certain, even in the large cities in this country and all the more so in the smaller areas, that administrators, authorities, and honest, hard working people are aware of antisocial elements who take advantage of our limitations to make money from selling places in line or from products they acquire.

Finally, he said that during this transition stage, wrought with difficulties of every kind, the just and revolutionary thing to do is not to make the working woman's right to buy, a matter of luck. Rather, they should put in those who do not respect the laws and principles of our system of socialism in their place.

Inter-Caribbean Affairs

Two Bahamians To Assist With Elections in Haiti

FL2708173590 Bridgetown CANA in English 1621 GMT 27 Aug 90

[Text] Nassau, Bahamas, Aug 27, CANA—Two senior Bahamian government officials are to take up assignments within the Organisation of American States (OAS) and the Caribbean Community (Caricom) secretariat to assist with elections in Haiti, it has been officially announced here.

A statement from the Bahamas Government said that Carlton L. Wright, deputy permanent secretary in the Ministry of Employment and Immigration and Mrs. Marilyn T. Zonicle, first assistant secretary in the Ministry of Foreign Affairs will assist the OAS and Caricom provide electoral assistance to Haiti.

Wright, a 17-year veteran foreign affairs official served as charge d'affaires at the Bahamas Embassy in Haiti from 1985 to 1988, has been appointed to a three-man advisory committee on Haiti, to OAS Secretary General Joao Clemente Baena Soares.

The committee will co-ordinate and oversee the delivery of OAS electoral assistance to the French-speaking country. Other members of the committee are Noel Lee, director of elections in Jamaica, and Robert Cote, senior elections officer of the province of Quebec, Canada.

Zonicle, also a veteran foreign affairs official has been seconded to the Caricom secretariat in Guyana for a six month period, where she will coordinate Caricom's initiative and liase with the OAS and the United Nations on electoral and developmental assistance to Haiti.

Dominica

Minister Discusses Cuban Trade Possibilities

FL2708212490 Bridgetown CANA in English 2028 GMT 27 Aug 90

[Text] Roseau, Dominica, Aug 27, CANA—The staunchly pro-U.S. Dominica Government of Prime Minister Eugenia Charles is not opposed to developing trading links with Cuba, Trade Minister Charles Maynard has said. He announced that the Cabinet had appointed a special committee to look at the kinds of products which could be exported to Cuba.

"Some of those mentioned were soaps, pasta products, spring water, gloves, jams and jellies, aloe, passionfruit, and so on..," Maynard said in identifying the Dominican items which may be exported to Cuba.

However, he explained that while the 10 million people of Cuba represented a sizeable market which could be taken advantage of, there were a number of concerns which had to be examined.

"We have not moved significantly on this because there are so many things that have to be examined. You have to examine shipping, you have to examine the terms of trade. We also have to examine the foreign exchange situation. We have exported sometimes to countries in Caricom, even, that are short of foreign exchange, and we have problems getting paid when that is done," Maynard said.

The minister said trade promotion and what Dominica would import from Cuba were among the areas to be worked out.

Dominican Republic

Workers To Go on General Strike 10-13 September

FL2808004590 Havana Radio Rebelde Network in Spanish 2342 GMT 27 Aug 90

[From the "Exclusivo" program]

[Text] A new general strike against the economic policy of the government was called in the Dominican Republic by the National Strike Committee and other organizations. The 72-hour general strike is scheduled for 10, 11, and 13 September. The strikers will also protest what they call the official trampling of the Dominican trade union movement.

The strike will be held one month after a similar movement left nine dead, hundreds injured, and more than 1,000 people detained.

* First Half Revenues 3.19 Billion Pesos

90CA0088A Santo Domingo LISTIN DIARIO in Spanish 19 Jul 90 p 1-D

[Article by Maximo Manuel Perez]

[Text] Government revenue during the first half of the year amounted to 3,196,850,409 pesos, meaning the surplus should be 50 percent greater compared with the 1990 budget.

In addition, the government completed its collections for the first six months with the greatest amount of income for each of the five remaining months of the year, taking in 597,528,580 pesos.

Spending for the January-June period amounted to 3,193,528,725 pesos, while funds available during that same period totaled 3,322,291.

According to the Government Spending Law for this year, revenues reportedly total 4,785,000,000 meaning that the total collected during the first six months is only 588,149,591 pesos less than the total estimated collections.

Between April and June, the government's average monthly income was 580 million, although for the previous three months it was about 480 million a month.

The proportion of monthly spending was about equal to the amount of income, the difference being minimal, according to monthly figures published by the National Budget Office.

Government revenue, spending, and available funds during the first six months of the year were as follows:

Month	Revenue	Spending	Available Assets
January	494,646,319	494,319,169	327,149,087
February	497,447,998	497,205,818	242,784,099
March	476,790,327	475,866,209	924,117,039
April	596,375,063	595,736,886	638,176,086
May	534,062,122	533,106,654	955,467,079
June	597,528,580	597,293,989	234,598,075
Totals	3,196,850,409	3,193,528,725	3,322,291

According to ONAPRES [National Budget Office], fiscal revenue for 1989 amounted to some six billion, but both the National Congress and other private sectors estimated that budgeted revenue in 1990 would be over seven billion pesos.

Between January and May, government revenue increased by only 9.75 percent compared with the same period of 1989, meaning a marked deterioration in collections—as noted by the consulting firm Ecocaribe—when one considers that inflation exceeded 40 percent.

* Deficit Up 576.8 Million Pesos

90CA0088B Santo Domingo EL SIGLO in Spanish 5 Jul 90 p 1-D

[Article by Victor Manuel Tejada]

[Text] The Central Government accumulated a fiscal deficit of 576.8 million pesos during the first five months of the year, partly as the result of a 46.7 percent increase in spending compared with the same period of 1989.

Actually, between January and May of this year, government spending amounted to 3,268,600,000 while during the same period of 1989, spending totaled 2,228,600,000 in other words, a difference of 1.04 billion pesos.

Revenue increased by only 239.3 million, going from 2,452,500,000 during the first five months of 1989 to 2,691,800,000 during the same period of this year.

At a press conference in Cabral (Barahona) on 14 June, President Balaguer himself recognized the government was making "a giant effort" to comply with the Government Spending Law. He also admitted that the government had had "tremendous spending," which he attributed to the recent election campaign.

The fiscal deficit (of over 500 million), which no official has denied, is due to a considerable spending increase, although figures indicate that revenue has not decreased (as one might have expected), quite on the contrary.

Based on an analysis by Ecocaribe on the "Behavior of the Dominican Economy During the First Quarter of 1990," the government achieved a surplus of 443.3 million, in nominal terms, compared with regular budgeted income for the January-April period.

In addition, data furnished to EL SIGLO indicate that revenue collected by the nation's General Fund amounted to 2,199,400,000 for the first five months of the year, while estimated budgeted revenue for the same period and same fund totaled 1.74 billion pesos, which means that in terms of collections, there is a surplus of 458.9 million.

The government's spending budget based on domestic resources amounts to 4,829,300,000 for the entire year of 1990. As far as the first four-month period goes, 59 percent of that spending (1,523,300,000) went for capital expenditures and most of the resources were used for construction.

However, the most troublesome aspect of the government's lingering fiscal deficit is the source it has used to finance it. According to Ecocaribe, of the 456.7 million peso deficit which the Central Government already had by the first four months, 26.8 million were covered by sales of assets and special income and 22.2 million by donations.

Some 361.6 pesos are left (with the May deficit, the figure increases) with no visible or defined source of financing. Was that sum covered by overdrafts or new inorganic issues? Or was it covered in the end by more inflation?

Comparison of Central Government Authorized Spending Allocations for 1989 and 1990*

Month	1989	1990	Variation 1989-1990	Percent
January	452.9	638.8	185.9	
February	460.9	523.1	62.2	
March	659.0	679.1	20.1	
April	304.6	749.1	444.5	
May	351.2	678.5	327.3	
Totals	2,228.6	3,268.6	1,040.0	46.7

Source: Drafted by EL SIGLO based on "Official Figures"

* In millions of pesos

Comparison of Fiscal Revenue Obtained by Central Government 1989 and 1990*

Month	1989	1990	Variation 1989-1990	Percent
January	434.6	506.9	72.3	
February	458.9	509.3	50.4	
March	469.6	518.5	48.9	
April	549.2	609.6	60.4	
May	540.2	547.5	7.3	
Totals	2,452.5	2,691.8	239.3	9.8

Source: Drafted by EL SIGLO based on "Official Figures"

* In millions of pesos

Haiti

Reports Say Trouillot May Be Replaced This Week

FL2708222390 Bridgetown CANA in English 2148 GMT 27 Aug 90

[Text] Bridgetown, Barbados, Aug 27, CANA—Reports out of Haiti say President Ertha Pascal Trouillot could be replaced by the end of this week, as the crisis in her government deepens, a human rights spokesman said Monday. Director of the Ecumenical Centre for Human Rights, Jean-Claude Bajeux told CANA in a telephone interview that there was disquiet in the country over the way in which Trouillot replaced five ministers who resigned on Friday, and she might be forced out of office. He says the five ministers were replaced the same night.

"The political crisis that has been going on for weeks between the Cabinet, especially the president and the Council of State has reached a new momentum because (the) five ministers that have been appointed were unknown bureaucrats (and they) have been appointed without the opinion of the Council of State," said Bajeux. He said Trouillot's action amounted to a rejection of the agreement set out by the council that she should seek "the approbation of the council" for all appointments.

Relations between the president and the council became strained three months ago when she appointed a finance minister alleged to have had links with the government of former dictator, Jean-Claude Duvalier.

Bajeux, who said there were unconfirmed reports that Trouillot asked to be replaced, said there were a few factors that had to be taken into account should Trouillot be replaced.

"Will the army accept the change? Will the army accept the choice made by what we call here the civil society? That's the question that has to be debated," Bajeux commented.

Bajeux noted that if the Trouillot administration were ousted by the end of the week, it would leave exactly 60 days for the new government to meet the November 4 timetable for elections set by the council. He said Trouillot had not met the conditions placed before her last month "that some very well known killers should be taken out of circulation and that some security should be guaranteed so that people can...go to elections."

Bajeux disclosed that the United Nations was being requested to have a presence in Haiti for the November elections, thus ensuring safety of the people and the work of the electoral council. He says the UN has not yet responded to the government in Port au Prince.

FNP States Position on Elections

FL2708133090 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 23 Aug 90

[Text] Regarding elections, the National Popular Front [FNP] notes today that the executive that is currently governing the country does not want to create conditions so that there can be democratic, honest, and credible elections.

Already, the forces of darkness are entering Provisional Electoral Council [CEP] headquarters—armed with murderous weapons in broad daylight—to attack with no anxiety.

In consideration of the following: that the CEP asked the judiciary to arrest Williams Regala, who is a professional at spoiling elections and shooting voters and who is still here in Haiti, giving orders to criminals like himself; that no candidates are going to be killed during the elections, but only defenseless voters with a ballot in their hands; that the FNP is made up of a number of other organizations, grassroots organizations that represent a large part of the Haitian electorate and say they would not like to send their members out to die; and that with Ertha Pascal Trouillot heading the country the electoral process will be a very big failure; the FNP asks the CEP to stop electoral activities for awhile so that people with greater moral credibility and great courage can come to head the country and proper conditions can be created for the elections, so that we can have someone chosen by the people take power on February 7, 1991.

That is the position of the FNP on the elections.

New Cabinet Formed After Ministers' Resignations

FL2708152690 Port-au-Prince Radio Metropole in French 1050 GMT 27 Aug 90

[Text] Here is the new ministerial Cabinet: Joseph Maxi is appointed minister of interior; Jean Thomas, minister of defense; Alfred (Montor), minister of information and coordination; Onil Millet, minister of economy and finance; (Alec) Toussaint, minister of foreign affairs and worship; Pierre Labissiere, minister of justice; Dr. Serge Fils-Aime, minister of public health and population; Andre Jean-Louis, minister of agriculture, natural recourses, and rural development; Dr. Carlo Desinor, minister of social affairs; Jean-Pierre Moise Pierre-Louis, minister of public works, transport, and communications; Ludovic Pierre, minister of planning, external cooperation, and civil service; Jean Mainville, minister of commerce and industry; Dr. Chavannes Douyon, minister of national education, youth, and sports.

Opinions Divided on New Cabinet, Executive

FL2708160090 Port-au-Prince Radio Metropole in French 1050 GMT 27 Aug 90

[Excerpts] The Haitian political class has expressed opinions following the appointment of this new Cabinet. Hubert de Ronceray of the Mobilization for National Development [MDN] and Louis Dejoie of the National Agricultural and Industrial Party [PAIN] have made separate statements on the current crisis.

Dejoie, whose party is asking that President Ertha Pascal Trouillot resign, feels the appointment of a new Cabinet is not going to change the facts of the crisis. His opinion is different from that of De Ronceray, who urges the government to encourage organization of the coming elections. Here is [reporter] Rothschild Francois Jr.'s explanations.

[Francois] By reshuffling the Cabinet Friday evening, a few hours after five of her ministers resigned, Haiti's provisional president showed she was quick to make a decision. The holes left in the government apparatus by these ministers' departure were filled by President Trouillot. In any case, the voluntary step-down of these five ministers showed clearly that there is a malaise within the government.

Questioned on these changes in the Cabinet, PAIN leader Louis Dejoie said he feels this initiative by the president is not going to change the current political situation. Dejoie, who is strongly in favor of having Mrs. Trouillot replaced, also feels the current government is on its last leg, with an executive which he thinks is counting on the game to stop so it can try to recover its health. Louis Dejoie feels the crisis has not been solved.

[Begin Dejoie recording] Mrs. Trouillot's reaction is only natural, given the context. However, she is on her last leg. She has her back against the wall, and I think that in the next four or five days, the Haitian people [words indistinct]—really, harder than against Avril, this time—to send those Macoutes away, send that government away, to make way for an emergency revolutionary government that can come and hold free, honest elections in Haiti.

The crisis just gets worse and worse. And when you see an entire country against a government that would like to take it in a direction in which the population does not wish to go, well, that means it is making the same mistake as Namphy, Manigat, and Avril made. Now Mrs. Trouillot is completely in the claws of murderous, thieving, plundering Duvalierism. Thus, all these demonstrations they are effecting in the streets, in which they trash people's vehicles and so forth, are normal. In fact, there are threats over Radio Liberte against the lives of political leaders, and Radio Liberte is the spokesman of macoute Duvalierism. Thus, Mrs. Trouillot has now entered into the same orbit as that Duvalierism that the Haitian people are fighting with all its vital forces. [end recording]

Questioned about the appointment of these new ministers, the head of the MDN, for his part, calls normal this political operation by Mrs. Trouillot. Regarding the overthrow of President Trouillot desired by other political sectors, Hubert de Ronceray is on a different wave length than his colleagues. He feels elections remain the priority of the moment, because, says De Ronceray, an end must be put to this transitional period, which has dragged on too long. [passage omitted]

The new Cabinet will be installed by President Trouillot at noon today at the National Palace. [passage omitted]

There is public protest against Mrs. Trouillot. The private sector asks her to respect the agreement with the State Council. Meanwhile, the socio-professional sector supports the State Council; while the union sector condemns the appointing of new ministers, declaring it illegal.

Thus, for one reason or another, a goodly part of the Haitian political class appears to be espousing the same cause: the resignation of Mrs. Trouillot. Even though the objectives being pursued are not necessarily the same, the ensemble of these parties reproach the 13 March government for having failed to accomplish its essential mission: to prepare the ideal climate for the holding of free and democratic elections in Haiti. Both the Assembly for Concerted Action [AC] parties—seven out of 12 of them—and parties identified as being close to Duvalierism, today find themselves on the same side. While in favor of there being elections in Haiti, these parties feel that the freedom and honesty of these elections will not be guaranteed under the current government. [passage omitted]

The National Union of Democratic Forces [UNFD], headed by Lamartiniere Honorat, and the Haitian Social Christian Party [PSCH], headed by Gregoire Eugene, are trying to show that the entire apparatus—AC, executive, State Council—is a failure, after five months of administrative slackness and quasi-anarchy.

For its part, the Bel-Air MOP [Movement for the Organization of the Country] feels this is a disastrous failure that must be repaired as soon as possible. [passage omitted]

The private, socio-professional, and union sectors have also brought their weight to bear in the matter. By supporting the State Council, these sectors condemn the executive's policy. Each of these sectors mentions the March 1990 protocol linking the executive to a State Council. The private sector employers organizations go so far as to ask the executive to hold off taking any measures and making any decisions that require State Council approval. The socio-professional sector condemns the executive's policy, an executive that has failed to accomplish its principal mission; and approves the State Council resolution sanctioning Mrs. Trouillot's government.

Last, the union organizations warn against making any new appointments to the Cabinet. According to the union sector, any and all appointments made without State Council approval are null and void. [passage omitted]

Meanwhile, five political groups—Movement for the Establishment of Democracy in Haiti [MIDH], Nationalistic and Progressive Revolutionary Party of Haiti [Panpra], and the National Patriotic Movement of 28 November [MNP-28], which together make up the National Alliance for Democracy and Progress [ANDP]; Hubert de Ronceray's MDN; and Sylvio Claude's Haitian Christian Democratic Party [PDCH]—have come out clearly in favor of the holding of the elections with Mrs. Trouillot as chief of state. These parties had already warned the rest of the Haitian political class, and especially the AC parties, against any and all political adventurism.

Commerce Minister Holds News Conference 24 August

FL2708165090 Port-au-Prince Radio Metropole in French 1600 GMT 24 Aug 90

[Excerpts] Twenty thousand tons of petroleum products arrived in Port-au-Prince the day before yesterday; and as we had announced, the price of these products has increased, effective 23 August. [passage omitted]

[Reporter Rothschild] Fuel must be conserved, said Commerce Minister Maurice Lafortune, who held a news conference just a short while ago in his office at the ministry. Lafortune talked about the need to conserve fuel. He gave some detaiis—one could call them revelations—regarding the role the oil companies in Haiti played in these new price increases.

In February of 1990, the Avril government decided to withdraw from an agreement that existed among the oil companies, the National Association of Importers of Petroleum Products [Anadipp], and the Haitian Government. Under the terms of this agreement, it was clearly stated that the oil companies were to set their prices at the pump themselves, but that the money was to be refunded later. [sentence as heard] What the companies did was simply to maintain the prices at the pump as they were.

Right after that, prices dropped on the international market. However, the prices at the pump did not decrease in Haiti. This means the oil companies made extra money.

When the recent crisis arose, the commerce minister asked the oil companies to refund to the government this extra money earned at the expense of the population of Haiti. With this money, the minister had intended to have the Haitian Government absorb the recent shock of the invasion of Kuwait by Iraq, which led to a rise in the price of oil on the international market, and which also led to an increase in prices on the local market.

The discussions were rather stormy. The commerce minister said this morning during his news conference that that is what he proposed. However, he clearly specified that later, The Shell Company blocked the arrival of the ship (Andarina), which arrived a few days late. Shell simply blocked the ship. Shell refused to accept the minister's decision.

Esso then made a proposal, and this proposal was enthusiastically accepted, out of a desire to unblock the situation for the present, while waiting to resume talks. Here is Minister Lafortune explaining.

[Begin Lafortune recording] At a certain moment, we were truly up against a wall. I mean, there was no gas, and the ship was blocked, but I did not want to let go of the government's money.

Well, friend, it was Reynold Canez [not further identified] alone who, in his wisdom, understood that the situation could not remain as it was. So he made a proposal, saying that because we were not yet able to arrive at a solution to the problem of this money, we could leave those discussions for later and set off from new foundations—new foundations meant we should take into account the margins they proposed for themselves—and make the ship come in and sell under those conditions; and resume the discussions on the matter of the money later. The proposal was welcome, and supported by Texaco's representative. At that point, Shell was obliged to accept. [passage omitted]

I, however, notified these men in writing that, as had been agreed at the National Palace, it was absolutely essential that we resume talks. Even if I am no longer commerce minister, the Haitian Government will still be there to recover the money, because it is a big sum of money, some $1.5 million. [end recording]

That is what the commerce minister says has caused this increase in the price of gasoline, because the government tried to freeze prices while waiting for this money to be refunded by the oil companies established in Haiti. [passage omitted]

Trinidad and Tobago

Government To Assist Businesses Affected by Coup

FL2708130690 Bridgetown CANA in English 2140 GMT 25 Aug 90

[Text] Port of Spain, Trinidad, Aug 25, CANA—The Trinidad and Tobago Government says that, according to preliminary estimates, it will take at least TT 200 million dollars (one TT dollar = 23.5 U.S. cents) to rehabilitate businesses in the capital city, destroyed by fire or looted in the aftermath of the July 27 abortive coup attempt by members of the Jamaat-al-Muslimeen group. Acting Prime Minister Winston Dookeran told a news briefing here that 102 business outlets were affected by looting, 20 buildings destroyed by fire, and 27 others damaged during the near week-long uprising. He said that a survey on the economic loss in the worst affected east/west corridor will be completed by next week.

Dookeran said that the government had established a TT 50 million dollar fund to assist small and medium sized businesses, whose owners do not have easy access to the commercial banking system. He said that a ceiling of TT 750,000 dollars will be put on the loans, which will be repayable in three to 10 years.

Dookeran announced that the government will seek a review of some of the economic performance targets negotiated with the International Monetary Fund (IMF). He said that based on an initial assessment by the central bank, domestic borrowing will be one of the key areas to need adjustment. Dookeran did not elaborate. He described Trinidad and Tobago's current foreign exchange position as "stable."

Government Says No Preferential Crude Prices

PA2808041490 Mexico City NOTIMEX in Spanish 0243 GMT 28 Aug 90

[Text] Mexico, 27 Aug (NOTIMEX)—Officials at the Energy, Mines, and Parastate Industry Secretariat have warned that Mexico will not agree to grant preferential prices on the crude that it sells to member countries of the San Jose Agreement.

The officials interviewed, who asked not to be identified, reiterated that the proposal by the Central American countries, which have requested preferential treatment in crude transactions in order not to destabilize the regional economy, will have no effect because the clauses in their contracts must be respected, they said.

In the San Jose Agreement, Mexico and Venezuela guaranteed a daily quota of crude for each of the countries in the pact at the prevailing price on the international market.

Nevertheless, one of the advantages is that 80 percent of the cost is paid at the moment of shipment, and the remaining 20 percent is paid by credit or through payment facilities.

Meanwhile, it has become known at Mexican Petroleum that an answer cannot be given to those nations until the San Jose Agreement request is formally submitted.

New Party Created To Promote Socialism

PA2508185390 Mexico City NOTIMEX in Spanish 2209 GMT 24 Aug 90

[Text] Mexico City, 24 Aug (NOTIMEX)—A new party under the name of Broad Socialist Left Party (PAIS) was created here today in an effort to seek democracy and better living conditions for the people through collective struggle.

During a meeting at the "Jimenez Rueda" Theater in Mexico City, nine of the 22 delegates who were expected to be present outlined the objectives of the new political institution to followers from various states and the capital city.

Despite the changes produced by perestroyka in the USSR and the other socialist countries, socialism is still a banner of struggle for groups seeking better living conditions, according to Manuel Terrazas, the organization's national coordinator.

"Socialism is still alive, and together we will struggle for broader alternatives to achieve justice and democracy for all Mexicans," said Terrazas, who is a former member of the Communist Party and of the Democratic Revolution Party.

The PAIS, he stressed "is a party that hopes to incorporate as many citizens as possible who favor socialism to struggle for democracy and defend Mexico's independence and sovereignty."

"In Eastern Europe, socialism suffered serious setbacks due to grave mistakes such as the adoption and implementation of development models that were extraneous to the specific conditions of each one of those countries," he stressed.

The delegates from Guerero, Chiapas, Puebla, Veracruz, Quintana Roo, Mexico State, Mexico City, Sinaloa, and Michoacan studied today the proposals collected from their respective states for the declaration of principles that will rule the new political party.

On 24 August, the PAIS will announce the results of its study. Terrazas said that the party has actually been in existence since October 1989, when its national organization commission was formed.

El Salvador

Cristiani Announces Defense Minister's Retirement

PA2708225290 San Salvador Radio Cadena YSU in Spanish 2150 GMT 27 Aug 90

[Text] According to a communique issued this afternoon by the Presidency, Defense Minister General Rafael Humberto Larios will retire in September.

President Alfredo Cristiani, commander-in-chief of the Armed Forces, announced today that because of his years of services and for personal reasons, Gen. Larios will retire from the post of defense and public security minister effective 1 September 1990.

President Cristiani acknowledged the efforts of the military professional who is retiring from the top post entrusted to him, concluding a career of service to the fatherland, especially noting that Gen. Larios carried out his ministerial duties at a time and under circumstances that were quite critical and decisive to the future of the Republic and its democratic institutions.

At the Presidency it was explained that Gen. Larios' retirement is in accordance with the normal rules governing service within the Armed Forces, and it was underscored that Gen. Larios offered his well known professional capabilities and patriotic spirit during his years in the Armed Forces.

Mexico Maintaining Preferential Oil Quota

PA2808010690 Mexico City NOTIMEX in Spanish 2302 GMT 27 Aug 90

[Text] San Salvador, 27 Aug (NOTIMEX)—Mexican Ambassador Hermilio Lopez-Bassols has given assurances that Mexico will not change its oil quota to El Salvador and will maintain preferential conditions through the "San Jose Pact."

The diplomat reported that the Mexican Government is studying President Alfredo Cristiani's request to maintain the price of crude oil. In this connection, the Mexican Government will hold consultations with Venezuela, the country which—together with Mexico—is a signatory of the San Jose agreement.

The ambassador said that "the price of fuel in our country will be determined by the supply and demand of Mexican oil," but clarified that in El Salvador's case, "Mexico will try to offer the best conditions that the situation allows."

He confirmed that several countries have demanded a far greater share than before the Persian Gulf conflict and added that despite this, deliveries to El Salvador and the Central American isthmus will not be affected.

El Salvador receives, under prferential terms, 8,000 barrels of crude oil a day. According to Lopez-Bassols, these preferential terms "will not be modified."

Last week the Salvadoran president requested his Mexican counterpart, Carlos Salinas de Gortari, not to change the oil prices to El Salvador, in consideration of the crisis the small country is undergoing.

The area's economic ministers, who met in El Salvador last week, also announced that they will sign a joint petition to the governments of Mexico and Venezuela to "avoid the total bankruptcy" of their economies.

"We are completely aware of the conditions prevailing on the Central American isthmus, and we want to grant as much preference as possible given the prevailing situation," Lopez-Bassols said.

According to Economy Minister Arturo Zablah, El Salvador has enough oil for two months. After that, the government could raise gasoline prices if crude import prices increase.

Ruben Zamora, Ungo Discuss Jesuit Case

PA2708224190 San Salvador Canal Doce Television in Spanish 0300 GMT 24 Aug 90

[Italicized passages are recorded]

[Text] Ruben Zamora, leader of the Salvadoran Social Christian People's Movement, has stated that some people have the impression that U.S. military advisers are involved in the Jesuit massacre.

Similarly, Zamora agreed with MNR [National Revolutionary Movementy] Secretary General Guillermo Ungo that what happened during the most recent round of negotiations between the Salvadoran Government and the FMLN [Farabundo Marti National Liberation Front] in Costa Rica is the first crisis of the current dialogue process.

Although calm and sharing a common viewpoint, the two politicians have agree that they expected the meeting in Costa Rica to result as it did. They added that a delay could also be dangerous for the talks.

Ruben Zamora stated today that the complexity of the issue is in itself a crisis, but that it is not the only one. He said that the other problem is the influence that personal views have on the two sides' appreciation of the situation.

Zamora said that the military presented a document on reform of the Armed Forces, but that it included so very few concessions that the FMLN had to respond with a better document on Armed Forces reform.

[Zamora] *One side has gone to the bottom of the abyss, and the other has placed itself on the mountain top. The difficult part is to bring one side from the bottom of the abyss to the valley and to bring the other one down to the valley.*

According to Zamora, now is the time for the various groups that seek a national consensus to participate in

the negotiations. Guillermo Ungo talked about the cease-fire. He said that he is not really worried about a cease-fire being agreed upon by September.

[Ungo] *In October, November, and December, they will reach political agreements regarding all these subjects, especially the issue of the country's democratization, [words indistinct] determine certain agreements on the Armed Forces or no agreement will be reached.*

Most people think that even though an offensive like the one carried out last November is unlikely, each of the sides could toughen their respective positions.

Zamora and Ungo also commented on the Jesuit case, especially because the people are learning that as the investigation unfolds, the authorities discover more and more people who are involved in the case. It has been said that foreigners may have participated in this murder, and so the people are exercising further pressure on the authorities to find the guilty parties. Some presume that U.S. pressure in this case is not coming from the government itself, but from the U.S. legislative branch and that, therefore, there could be something else behind all of this.

[Zamora] *The United States is now facing a specific situation. If the investigation is carried out to its very end, the names of U.S. advisers are going to start popping up. The U.S. Administration has now started to cover for its own people.*

The major question right now is whether there is concealment or not. The task is to ascertain whether the Army is covering for the Army as the testimony shows or if the U.S. Government is covering for the Salvadoran Army to protect itself.

Judge May Summon Colonels on Jesuit Case

PA2708131290 San Salvador DIARIO LATINO in Spanish 24 Aug 90 p 12

[Text] San Salvador, 23 Aug (INTERJUST)—Justice Ricardo Zamora has reported that he will take into consideration a statement by the Society of Jesus on the links that three colonels may have in the case of the murdered Jesuits, and he may decide then to summon the colonels to testify.

In a statement to the media, Father Jose Maria Tojeira, Jesuit superior for Central America, said that it is important that Colonels Carlos Mauricio Guzman Aguilar, Joaquin Arnoldo Cerna Flores, and Leon Linares testify in the trial for nine soldiers accused of killing six Jesuit priests and two assistants.

Justice Zamora has said that he will consider the observations made by Father Tojeira and study the trial to see if there is a relationship between the three colonels and the trial.

Justice Zamora said: It is probable that in the next few weeks I will summon them to testify because they could also produce new elements in the investigations, and my duty is to gather all the information that may lead to the truth in this case.

The judge explained that several efforts are under way to have U.S. Major Erick Duckland and Salvadoran Armed Forces Chief of Staff Colonel Rene Emilio Ponce testify in this case. He said that other efforts are also being made, and for this reason it is possible that more people may also make statements.

On Friday, Justice Zamora will take depositions from the witnesses Sergeant Oscar Armando Solorzano Esquivel and Sub-Sergeant Rafael Molina Aguilar, both from the Atlacatl Battalion.

Report on FMLN Actions, Clashes With Army

PA2708164390

[Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0200 GMT on 21 August broadcasts a three-minute report on clashes between the Farabundo Marti National Liberation Front, FMLN, and the Salvadoran Army. The report states that "FMLN forces clashed with members of the Paratroopers Battalion on El Caballito Hill, San Jose Las Flores jurisdiction, Chalatenango Department, on 19 and 20 August." The report adds that "the demoralized troops of the Paratroopers Battalion" suffered five casualties.

The same report states that "Belloso Battalion troops walked into a mine field on El Comun Hill, Dulce Nombre de Maria jurisdiction, Chalatenango Department, at 0700 on 19 August" and suffered one casualty. The Radio Venceremos report also says that "FMLN sappers destroyed a high voltage tower in the area between Nejapa and Armenia."

The station then reports that "an FMLN rebel group clashed with members of the Cacahuatique Battalion near Jocoaitique, Morazan Department, at 1000 on 19 August," inflicting five casualties on the Cacahuatique Battalion. The report pays tribute to comrade Pastor, "who died heroically during the clash with the Cacahuatique Battalion."

(Clandestine) Radio Venceremos in Spanish to El Salvador at 1537 GMT on 22 August carries approximately 12 minutes of battle reports. The first report states that at 1915 on 20 August "FMLN urban commandos launched an operation called: 'For a homeland without military oppressors.'" The maneuver included an attack on the soldiers "guarding the Presidential Palace." In a "simultaneous attack, our forces hit the Armed Forces Telecommunications Training Center." At 0100 on 21 August, Radio Venceremos reports, "FMLN guerrilla units attacked the headquarters of the 3rd Infantry Brigade" using 81-mm mortars.

Meanwhile, the Francisco Sanchez Eastern Front reports that on 21 August FMLN columns carried out "successful maneuvers" that consisted of attacks on 6th Infantry

Brigade troops stationed in El Corozo Hacienda, San Agustin jurisdiction, Usulutan Department. Other FMLN forces "launched a simultaneous attack on enemy positions in San Agustin." The Francisco Sanchez Eastern Front reports that the soldiers stationed in El Corozo requested air support, but the two aircraft sent to the area "were neutralized by our antiaircraft fire." The report adds that the soldiers suffered 19 casualties, three prisoners were taken, and one FMLN member was wounded. The FMLN also recovered "five M-16 rifles, an M-60 machine gun and seven cartridge belts, a PRC-77 radio, and 29 M-79 grenades."

Another report states that an FMLN guerrilla unit clashed with members of the 4th Infantry Brigade near Chalatenango at 0500 on 20 August. During the clash "we inflicted eight casualties on the enemy. The enemy received air support, and, as usual, the helicopter bombed densely populated areas."

Radio Venceremos also reports on a 20 August attack on the 3rd Infantry Brigade and National Guard posts in Jucuapa. The report says that "much destruction was caused" during the attack on the National Guard. "At the same time, another FMLN unit was attacking the military headquarters, and shortly thereafter our comrades gained control of two outposts." The report adds that the FMLN inflicted 15 casualties on the 3rd Infantry Brigade and the National Guard and seized "two G-3 rifles, eight cartridges, 1,000 rounds of 7.62-mm ammunition, an M-60 machine gun and 10 cartridge belts, and two Claymore mines." Radio Venceremos adds: "We regret the heroic death in combat of comrade Oscar, who died like a revolutionary fighting to conquer peace with social justice for our people."

Meanwhile, the Modesto Ramirez Central Front reports that "at 0500 on 21 August FMLN guerrilla forces entered Suchitoto, Cuscatlan Department, where they distributed propaganda, sabotaged two transformers, and clashed with Pantera Battalion troops." The report adds that the soldiers suffered nine casualties.

The last report states that at "0635 on 21 August an FMLN guerrilla unit carried out a successful ambush against a military truck transporting National Police troops from La Libertad to Santa Tecla." The report adds that "two powerful mines" were used to attack the truck and six casualties were inflicted on the enemy soldiers. Although reinforcements were sent in to help the soldiers, the report states, "it was all useless and they had to withdraw."

San Salvador Canal Doce Television in Spanish at 0300 GMT on 23 August carries a three-minute report that "at least 12 people were killed yesterday in clashes between the Army and the FMLN in Morazan Department." The station then states that "3d Infantry Brigade spokespersons confirmed the deaths of eight rebels and two soldiers during clashes in Guatajiagua jurisdiction."

San Salvador Canal Doce Television in Spanish at 0300 GMT on 24 August carries a one-minute report stating that "the commander of the 6th Infantry Brigade today confirmed the deaths of 12 rebels and four soldiers during yesterday's clashes in Usulutan Department." The soldiers were attacked by the rebels near San Agustin. According to the commander of the 6th Infantry Brigade, "the soldiers have found the bodies of at least 12 rebels who were partly buried by their comrades near Los Escobar." Likewise, the Armed Forces Press Committee reported that "two paramilitary died yesterday during a rebel ambush near San Rafael Cedros, Cuscatlan Department."

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 24 August broadcasts five minutes of battle reports. The first report, from the Francisco Sanchez Southeastern Front, states that at 1045 on 23 August FMLN columns ambushed a National Guard patrol at Estanzauelas, Usulutan Department. "We used four mines and rifle fire and inflicted six casualties on the enemy."

A second report adds that FMLN forces "attacked the Arce Battalion's 3d Company" in Sesori, San Miguel Department, at 0845 on 22 August. "We used explosive charges and rifle fire, and the clash lasted for about one hour and 15 minutes." The FMLN reports having inflicted 13 casualties on the enemy.

Another report from the Modesto Ramirez Central Front adds that at 0730 on 23 August FMLN forces ambushed a military truck belonging to the 4th Infantry Brigade" on km 32 on the North Highway in Guazapa. We inflicted several casualties on the enemy and damaged the truck."

The last report states that at 2130 on 23 August the FMLN penetrated a Morazan Battalion patrol in Ciudad Barrio in the Department of San Miguel. A fierce clash ensued with two patrols of the same battalion. The clash lasted for one hour and 10 minutes. "We inflicted five casualties, one dead and four wounded. There were no casualties on our side."

Soviet Official on Trade, Consular Cooperation

PA2708174090 San Salvador Canal Doce Television in Spanish 0300 GMT 24 Aug 90

[Text] The deputy chief of the Soviet Foreign Ministry's First Latin American Department met with Arena [Nationalist Republican Alliance] deputies at the Legislative Assembly on 24 August. The Soviet official and the Arena deputies discussed bilateral issues and studied the possibility of establishing cultural, trade, and consular relations between the two countries.

The structural changes that are being made in the Soviet Union's foreign policy through the implementation of perestroyka, which has succeeded in promoting a rapprochement between the Soviet Union and the United States, reached our country's borders this Thursday, 23 August.

Yan Burlyay, deputy chief of the Soviet Foreign Ministry's first Latin American Department, held a long meeting with the Legislative Assembly's majority faction during which many issues were discussed.

[Begin Burlyay recording] There are good possibilities for the development of bilateral relations that will benefit the two countries. There are possibilities for the development of economic, trade, scientific, technological, and cultural cooperation. In addition, we could have closer links as far as foreign policy is concerned. [end recording]

Burlyay stated that this exchange of viewpoints on regional problems is beneficial for the two countries. According to reports learned by this newscast, this visit is the result of the talks held two months ago between Salvadoran Foreign Minister Jose Manuel Pacas Castro and Yuriy Pavlov, chief of the Soviet Foreign Ministry's first Latin American Department.

[Begin Burlyay recording] This visit is further testimony to the great foreign policy changes that are being made in our country and to the reformist spirit of perestroyka, which is being conducted under the leadership of Mikhail Gorbachev. [end recording]

This visit is considered an important step in the rapprochement between the countries of the communist world and Latin America. Thus far, the Soviet official has visited Guatemala, Costa Rica, El Salvador, and on 25 August he will leave for Venezuela, where trade exchange will be the main subject of discussion.

Guatemala

Rios Montt on Registration as Candidate

PA2708170590 Guatemala City SIGLO VEINTIUNO in Spanish 23 Aug 90 p 12

[Report by Tulio Juarez]

[Text] The controversial retired officer Jose Efrain Rios Montt said yesterday that he was sure certain electoral officials "were not that supportive" of the power structures, but stated that "we are also prepared to play along...." After hearing the Civil Registry's resolution denying a request to register him as a candidate for president, Rios Montt is getting ready for another battle. This time he is waging a legal battle in three courts, the Supreme Electoral Tribunal, the Supreme Court of Justice, and the Constitutional Court, whose judges are facing a historic responsibility regarding the future of the nation.

Using his well-known wit, and raising and lowering his voice at times, the man who won the 1974 presidential elections and rose to power in 1982 in the wake of the military uprising against General Romeo Lucas Garcia reviews the current situation. He is waging the most important battle of his life: not to let his rivals, enemies, and opponents defeat him. Thus, he is certain he will be registered as a candidate to replace Cerezo.

[Juarez] What do you think of Vinicio Cerezo?

[Rios] What am I going to say? He represents a young man who has spent his entire life being young, and continues posing as a young man. He represents someone who does not want to justify his failure. The Christian Democrats accused me of abandoning them in 1974 and going to Spain, but they do not say that they were unable to organize the people to paralyze vital public services against the electoral fraud. Because they were very young, they were not able to implement the plans to cut off the water, energy, and transportation services and close the markets because they were jockeying for municipality and assembly seats.

Vinicio Cerezo is the same good boy of that time, always right and with the right answers and explanations, who failed at almost everything and is now giving explanations without valid arguments. He is a good boy lacking maturity and preparation. However, as part of a political team, the Christian Democrats are very good at passing the buck. He also plays soccer very well....I watched him on television.

Cerezo should not try to deceive us or manipulate us because Guatemala has learned that he talks pretty but his views are nothing but poetry. At any rate, Vinicio is a good boy....he is our president and we respect him a lot, although he does not respect us. A characteristic of democracy is a government that respects its people. Cerezo is a legal dictator who handles the law according to his whim, and he is abusive. He has nothing of a democrat within him.

[Juarez] What is Guatemala's chief problem?

[Rios] The chief problem of Guatemala is not political, economic, or social, but ethical or moral. Because corruption is so rampant, the people are mistrustful and leery, as the government has betrayed its people. I am not accusing Vinicio of being a "traitor, but of being young." The people are so demoralized. As for my case, I know the law. There are no legal impediments to keep me from running for president, and I will be registered. However, the people must not worry, because the government is reaping what it sowed: a resounding failure.

[Juarez] What if in the end you are not registered?

[Rios] I personally have no intention of promoting a coup, as some ill-intentioned people are saying. That is completely ruled out. Do not get Rios Montt involved in that, because I will not encourage it or provoke it in any way. The Constitution allows peaceful resistance in the face of immorality in the government. In any case, we would have a self-inflicted coup, giving the Christian Democrats a good opportunity to pose as martyrs and participate again in a future electoral campaign.

A de facto government is not worth the pain...it costs too much. However, there are many interests among parties

and candidates that specialize in staging coups, and there are others that want to seize power by force. In sum, I would not provoke a situation like that. What is more, I am convinced that the government must be careful to finish the first experiment in democracy with flying colors, through free elections in which the people can make their choice.

[Juarez] What is best for the country now?

[Rios] I hope the Guatemalan Christian Democratic Party will conclude its mandate so that it will serve as an experience and lesson to the people. Democracy can only exist if we practice it, not in talking but in doing. That is why it is important that Vinicio lasts until 14 February of next year and hands over the presidency. We must stop him, but also support and keep him at all costs until then, through a procedure that gives life to the nation, the presidential transfer of power.

[Juarez] What possibilities of victory do you think you have?

[Rios] They will have to register me, and I am going to win in the first round with an absolute majority of more than 1 million votes. This means that I know that on 11 November I am going to get, conservatively speaking, 54 percent of the votes. If I wanted to brag, I would say that I will receive 64 percent of the votes.

I have no rival capable of defeating me. Everybody will have to join me because we are the answer to the people's expectations.

I insist that the big task of Vinicio Cerezo is to seal this democratization process by letting the people decide.

Because of my position, I have become the number one target of others, who have even tried to buy some political leaders of the No-Sellout Platform.

General Rios Montt is determined to go to the "final legal consequences," including the people's constitutional right to "peaceful resistance" from their leaders. [sentence as published] So now, in view of the resolution by the Civil Registry, he will exhaust all the appeals available to him:

1. File an appeal before the Supreme Electoral Tribunal [TSE] to reverse the Civil Registry ruling.

2. File a writ of amparo before the Supreme Court of Justice in the face of a possible adverse ruling by the TSE.

3. File an appeal before the Constitutional Court because he feels his human rights are being violated, as human rights take precedence even before constitutional norms.

He can also appeal before the Attorney General's Office on Human Rights.

In sum, the controversial figure stated: "I am not giving in...."

This is to say that he is nowhere near giving up.

Recent Rebel-Army Clashes Reported

PA2708134890

[Editorial Report] Guatemala City EL GRAFICO in Spanish on 19 August carries on page six the text of an approximately 300-word Army communique reporting that on 16 August three rebels died, one soldier was wounded, and M-16 rifles were taken in a clash between a military patrol and "a group of terrorist criminals" in Los Cimientos, San Gaspar Chajul Municipality, Quiche Department. The communique adds that "all the actions taken by the Guatemalan Army to keep peace and tranquillity for the citizens are within the legal framework of the Contitution of the Republic."

Guatemala City PRENSA LIBRE in Spanish on 21 August on page eight carries an approximately 300-word article quoting the Guatemalan news agency, NOTICIAS DE GUATEMALA, which states that the guerrillas reported they inflicted 19 casualties on the Army and damaged a helicopter "as punishment" to troops that carry out actions against the civilian population in northwestern Guatemala. The report adds that the Guatemalan National Revolutionary Unity, URNG, stated it damaged a helicopter in the village of Union Cuarto Pueblo, Ixcan, Quiche Department, on 9 August.

The article also notes the "guerrillas report having damaged five helicopters and inflicting 182 casualties on the Army in July" in northwestern and northern Guatemala. The same source concludes that between 28 July and 9 August the Army sustained 17 casualties, and the rebels one, in clashes in Ixcan, Uspantan, and Chajul, Quiche Department.

* 1991 Budget To Reach 7 Billion Quetzales

90CA0098B Guatemala City SIGLO VEINTIUNO in Spanish 14 Jul 90 p 4

[Text] According to comments made yesterday by Deputy Hector Luna Troccoli, the national budget plan for fiscal year 1991, under discussion within the Technical Budget Directorate, will be considerably greater than the current one, due to projections calculated on the basis of the current exchange rate.

The Congressman said that he had direct information that the plan was almost complete, and since it will double the current budget of 3.6 billion quetzales, he was talking about a budget of almost 7 billion for the year 1991.

The deputy stated that the Technical Budget Directorate is currently refining the plan, designed on the basis of requirements put forth by various ministries who hope to finish it by 15 August, for delivery to Congress next 1 September.

As an example, Deputy Hector Luna said that between $500 and 700 million, i.e., some 1.4 billion quetzales, had been budgeted to cover servicing of the foreign debt.

* Attorney Reports Human Rights Violations

90CA0098A Guatemala City SIGLO VEINTIUNO in Spanish 24 Jul 90 p 5

[Text] Human Rights attorney, Ramiro de Leon Carpio, repeated yesterday that the population has presented more accusations against State security forces as alleged violators of human rights in Guatemala than any other institution.

He noted that the Guatemalan Army, the National Police and the civil self-defense committees lead the statistics for accusations during the first six months of this year.

There have been 67 accusations against the Guatemalan Army that mentioned, among other things, bodily attacks, abuses of power, illegal arrests and others being investigated.

There have been 46 accusations against the National Police, among these: abuses of power, threats, torture, corruption and assassination. In terms of these, the attorney has already released reports recommending dismissals and legal action against some agents.

There have been 12 accusations presented against the Civil Self-Defense Patrols for abuse of power by some members who have tried to force people into compulsory patrol, violating the section of the Constitution of the Republic on free association.

The country's municipalities are included on the second rung of human rights violators, and have been accused of abusing power, administrative harassment and threats against the people.

* Assembly Industry Earns $30 Million

90CA0098C Guatemala City DIARIO DE CENTRO AMERICA in Spanish 30 Jul 90 p 3

[Text] Assembly activities of various types continue to be Guatemala's greatest foreign exchange generator among non-traditional products, according to the Single Export Office Director. This is in terms of value added, he said.

In 1990 the total value as of 30 June was $29.9 million. In monetary terms that represents growth of $10.1 million over 1989. In relative terms that represents an increase of 51 percent over authorized exports in 1989, our source stated.

Among non-traditional exports to the rest of the world, frozen and fresh foods were the most significant, totalling $12.2 million by June 1990. Tobacco totaled $11.7 million, chemicals and pharmaceuticals $8.8 million, sesame $8.3 million, native handicrafts $3.4 million, molasses $2.3 million, Chinese beans $2.1 million and shrimp $2.0 million.

Assembly activities are currently in a preliminary stage, but good results are predicted for the short term. This would increase employment in that sector.

Nicaragua

FSLN Consultation Document on Party Congress

PA2708193090 Managua BARRICADA in Spanish 9 Aug 90 p 3

[Document issued by the Central Commission for the First Sandinist National Liberation Front (FSLN) Congress, in Managua; date not given: "The Popular Consultation of the FSLN"]

[Text] **Historical Program of the FSLN and Popular Consultation**

The following fundamental objectives were proposed in the FSLN's program when the organization was founded: to defeat the Somozist dictatorship, guarantee the democratic liberties, transform the economy in favor of the people, effect an agrarian reform, establish the rights of the Atlantic communities, and end the foreign policy of subordination to the United States.

Eighteen years later, we overthrew the Somozist dictatorship and initiated a revolutionary organization and national reconstruction stage, thus fulfilling our program.

We eliminated the Somozist power structures, created rank and file armed forces, started to transform key sectors of the economy and carry out the agrarian reform, implemented a literacy campaign, and laid the foundations for the country's democratic process by creating the great people's organizations.

In the midst of aggression and crisis, we proceeded to create a new society whose principles, embodied in the Constitution of 1987, affirm political pluralism, a mixed economy, and nonalignment.

After toppling the Somozist dictatorship, introducing profound revolutionary transformations, leading the nation to face the mercenaries' aggression, and winning the 1984 elections, the FSLN proposed to hold elections ahead of schedule, in February 1990, to end the war. As a result of the accumulated effects of the war and the grave economic crisis, the FSLN lost the 25 February elections and the government.

In June, to regroup our forces, examine the causes of the electoral defeat, and draft a program of immediate objectives and tasks, the FSLN convened the El Crucero meeting, at which, among other things, it agreed to hold a congress in February 1991. At this congress, the FSLN, which intends to defend the people's achievements and win the 1996 elections, must approve a new program and statutes in accordance with the new conditions and challenges.

To accomplish this purpose and to maintain the democratic tradition of Sandinism, it is essential to consult the people. It is essential that the people have a say on the principles, objectives, and tasks for which we will be striving in the future. To facilitate this consultation, we will hold people's assemblies to which we have invited all citizens, regardless of their political affiliation, so they can express their opinions on various subjects of national interest.

For this debate, we are hereby proposing the following guidelines, which include the questions that the FSLN needs to ask to orient itself and profit from its efforts to draft the program and statutes with an eye on the First Congress. The course of the country, the people, and the FSLN should be oriented more by democracy than by simple internal discussions.

I. On the State and Economy

During the 10 years of the Sandinist government, the state played a leading role in the country's economy. In addition to controlling foreign trade, banks, natural resources, etc., the state managed and controlled a vast entrepreneurial network that ranged from industry, commerce, and agriculture to construction, imports, and tourism.

Several forms of proprietorship coexisted in those 10 years, including state enterprises, which were responsible for approximately 40 percent of the country's material production; cooperatives, which in the case of the agricultural and livestock sector included more than 80,000 members organized into 3,200 units of association; and the private sector, which included thousands of new small-scale owners who later prospered as the result of the revolutionary transformation.

1. Do you think the state must play a fundamental role in the country's development?

2. What is the FSLN's role in the development of the national economy?

3. Our Constitution states that the Nicaraguan economy must be mixed. In other words, it should combine various forms of private, state, cooperative, and community proprietorship. State ownership entails the state managing the corporations and banks. Do you agree with this? Do you think one of these forms of proprietorship should be given preference?

4. The state controls foreign trade, and for this same reason is the only entity authorized to export several important lines of products, such as cotton, coffee, sugar, gold, etc. What do you think about this?

5. What do you think about centralized planning and the control of trade and prices by the state that existed in Nicaragua?

6. What do you think about the privatization of state-owned enterprises by the current government?

7. What problem do you think is most serious at present? What do you think the FSLN can do?

II. On Democracy and Public Liberties

The plan prepared by the Government of National Reconstruction promoted the replacement of the government's traditional paternalistic principles by a public action that would encourage and foster individual and collective participation of all Nicaraguans in the solution of their own problems.

During 10 years of transformation, the economic and political foundations were laid to develop a broad popular organization, participation at all levels was encouraged, and various laws were promulgated to promote and protect civil liberties and citizens' rights. Despite the difficulties faced by the revolution during those 10 years, the democratic opportunities for the Nicaraguan people were undoubtedly broadened.

It is clear that no matter what path is chosen, the development and strengthening of democracy should be a permanent task of the Sandinists. In that regard:

1. Do you agree with the periodic election of national authorities through the citizens' direct and secret vote?

2. The most important public liberties include: equality of citizens before the law; freedom of expression, organization, and participation; and the right to receive the benefits of the country's economic and social development on an equal basis. What problems have interfered with the development of those liberties, and what is Sandinism doing to promote them further?

3. The FSLN's adversaries contend that one of the reasons for the people's rejection in the 25 February elections was its totalitarianism and arbitrariness. What is your opinion?

4. How do you think the FSLN can contribute to strengthen the autonomy and promote the historical aspirations of the Atlantic communities?

III. On International Relations

The document entitled "The Cruiser" says that the main cause of the problems confronted by the Sandinist Revolution resulted from U.S. economic and military pressures. It also notes that the main help to carry out revolutionary transformations came from the Soviet Union, a country that is now experiencing a radical transformation in its relations with the United States and the revolutions of the Third World. It adds that the USSR is in favor of detente, peaceful coexistence, dialogue, negotiation, and trade relations with the revolutions it previously subsidized.

There have also been commentaries saying that the circle of anti- imperialist revolutions—meaning the all-out military and economic struggle against imperialism—is

being closed. Based on those commentaries, we understand that we must conduct our revolution while practicing a peaceful coexistence with the United States.

1. Do you think an understanding between the Sandinist Revolution and the United States is possible, even if the FSLN continues defending national sovereignty and independence?

2. The FSLN has maintained that the Nicaraguan revolution must be authentic and that it should have a nationalistic nature. What do you understand by a nationalist revolution?

3. Do you think that the FSLN has exaggerated the real threat that the United States poses to Nicaragua?

4. At present there is a worldwide tendency to form large economic, social, and political blocs among nations. This is happening in all of Europe; the eastern countries with Japan; the United States, Canada, and Mexico on our continent, etc. Within that context, what kind of relations should Sandinism have with Latin America and Central America?

5. What countries should we view as the best friends of Nicaragua and its people? If there is a new Sandinist government, what countries should it ask for cooperation?

IV. On the Nature and Objectives of the FSLN

In the historic program of 1969, the FSLN describes itself as a political and military organization, whose objective is to overthrow the dictatorship and establish a revolutionary government based on an alliance among the workers, peasants, and all of the country's patriotic, anti-imperialist, and antioligarchic forces.

The thesis of the Sandinist Assembly in 1982 establishes that political pluralism should be promoted as a principle while the Sandinists maintain their preponderant influence. The aggression prevented the FSLN from creating better conditions to promote the country's democratization. The FSLN was even forced to reorganize its political structures in order to assume the military defense of the revolution.

In addition, among other things the 1987 Constitution confirms political pluralism recognizing that, despite its importance, the FSLN is another political party within the country's political spectrum. Similarly, the 1987 Constitution establishes that political parties, including the FSLN, will struggle for political power through periodic elections.

In the resolutions issued during the FSLN Assembly held at El Crucero last June, the FSLN describes itself as a civic organization that has the following objectives: to immediately consolidate and strengthen the FSLN, to strengthen the country's peace and security, to defend the achievements of the revolutionary government, and to recover the government through elections in 1996.

A. On the Opinion and Expectations of the FSLN

In the February 1990 elections, the FSLN obtained 41 percent of the votes cast. The document issued at El Crucero includes a number of reasons for that electoral turnout. The document adds that the FSLN should consolidate the Sandinist vote and win over as many new votes as possible.

1. What have been the FSLN's main mistakes during the last 10 years? What are its main achievements?

2. What is your opinion about the messages carried by the Sandinist media and about the messages of the main Sandinist leaders?

B. On the Kind of Organization the FSLN Should Be

The Nicaraguan society includes workers, peasants, industrial, agricultural, and social groups, large, medium, and small-size business groups, professionals, and public employees. There are also Indian groups, ethnic groups, women, and youths.

1. Should the FSLN represent all social groups, or should it represent only a few specific sectors?

2. Should the FSLN continue to be a political, military organization, or should it mainly be a civic, electoral organization, or both?

3. Do you think there should be different types of FSLN members, or should there be only one kind of member?

4. Should the FSLN be a more open party? From which social groups should FSLN members come? Do you think that people who own property or people with certain religious beliefs should not join the FSLN?

5. Do you think all FSLN members should think the same way, or do you think there can be groups that think differently about one same issue?

6. Do you like the way in which the FSLN leaders have been chosen lately?

C. On the Stance and Relations of the FSLN

1. In the document issued at El Crucero it is stated that "we are facing a bourgeois, pro-U.S. government whose intentions and programs favor the dismantling of the revolution." What do you think should be the FSLN's attitude toward the current government, and which do you think should be the Sandinist means of struggle from the opposition?

2. The FSLN needs to establish alliances to defend the revolution. With whom and with which groups would you prefer the FSLN to form those alliances?

What do you think about alliances with government groups; other political parties; businessmen's groups, workers federations, or non-Sandinist associations; peasant groups who struggled alongside the contras in the past; church organizations, or others?

3. It is stated that one of the reasons for the FSLN electoral defeat was the underestimation of religious values and of the respect that the people feel for church leaders. How can the FSLN improve its relations with religious groups and with the various churches?

4. In the world there are international political associations to which many parties are affiliated. Among them, the most well known are: Christian Democratic International, Social Democratic International, Liberal International, the organization that groups together the Trotskyists, and Democratic Unity International (Conservatives).

As a political party, the FSLN should seek relations and alliances with other parties in the world. With which parties do you think it would be suitable to establish those alliances?

Central Commission of the First FSLN Congress

This consultation is addressed to all citizens. In addition to the consultation assemblies that the FSLN will hold, you can also answer this survey individually and send your responses to BARRICADA, P.O. Box 576. Address: Behind the Eastern Road, Managua. The FSLN thanks you for your participation.

Panama

Arias Calderon Analyzes Government Mission

PA2808011890 Panama City EL PANAMA AMERICA in Spanish 26 Aug 90 p 10

[Text] On several occasions, even at the Cermeno government summit, Panamanian First Vice President Dr. Ricardo Arias Calderon, who is also president of the Christian Democratic Party, has presented his views on the mission of the government of national reconciliation and reconstruction. Because we believe it is in the country's interest, EL PANAMA AMERICA has requested that he put his thoughts down in writing. The following is the text of Arias Calderon's statement:

The mission of the government of national reconciliation and reconstruction should be explained so that the government can be better understood and made more effective.

The government is not a transitional government, whose chief task would be to announce new elections and lead the way to a new government. It is a government that must last the full constitutional term—until 1 October 1994—because it is a constitutional government that emerged from an electoral process in which it won a sweeping majority of votes.

However, the government is and must be a transitional government. In other words, it must be a government whose fundamental national project is to lead the country from the condition it was in under the dictatorship to the conditions that should prevail under a democracy. It is not a government within an already existing democratic system, where it would be easy to separate the support to the system from the support to the government. It is actually a government which is progressing toward a democratic system; the support to the system is very much linked to support to the government.

That is why the meaning of a government alliance—with the president being the cohesive component—is far more complex and demanding. The alliance was not created just because it happens to be convenient to maintain the largest possible political support to carry out the government's work. This makes it necessary to create the broadest civic-political consensus on a system of government that is being created. Neither tension—which is normal in any alliance—nor those responsible for tension can be judged solely by the impact they may have on the government. They must instead be evaluated by the impact they may have on the unity necessary to establish a system of government.

To reinforce the effectiveness and the image of a government alliance, it is good to outline the transition guidelines that make up its national project. The main tasks of the government have also been outlined.

1. From a Dictatorship to a Democracy:

The transition's first dimension is its political dimension: From a dictatorship to a democracy.

The transition of the basic institutions has been made possible through the establishment of an executive branch, a legislative branch, an independent judicial branch, and municipal and community organizations.

With the establishment of an executive and legislative branch based on the true will of the people, the transition of the basic institutions has become possible. This has also been possible thanks to an independent judicial branch and to municipal and community organizations.

The complete renewal of the electoral tribunal is needed to carry out partial elections and finish electing the legislative assembly members, the Corregimineto representatives, and the Municipal Council officials.

The transition to democracy requires the creation of new constitutional and legal structures in our institutions. It is necessary to change the constitution to ban all kinds of armies and to constitutionally and legally establish the police services. It is also necessary to legally establish the judicial and administrative careers, freedom of the media, the national health services, and the national educational system. Although all these structures cannot be introduced immediately because they require much preparation, consultation, and approval, it is necessary to progressively introduce them under the coordinated direction of the executive branch and the legislative assembly as soon as possible.

In addition to fundamental changes in institutions and constitutional structures, the transition to democracy

implies a change of attitude on the part of the people who govern and the people who are governed. Attitudes have been formed by 21 years of dictatorship. It is necessary to change them so that democracy may become a reality in the framework of the corrresponding civic and moral values. The change must impede the rebirth of twisted attitudes that led to the interruption of democracy in 1968.

Here are two examples. Under a dictatorship, the attitude of rulers is marked by a "feeling of ownership," that is, by a feeling that the rulers can use public power for family, social, and economic advantages. It is necessary to overcome this feeling and develop an attitude in favor of work for the common welfare. To do this, those in the government must exercise self-criticism to check the threat of nepotism, privileges, and political sectarianism. Under a dictatorship, the attitude of the governed is that all the good and evil that may happen is the result of government actions. This attitude results in excessive demands for government action as well as excessive criticism against the government for its responsibility for any error. It is necessary to overcome this attitude and to replace it with a sensible attitude about the directing, but subsidized, functions of the state. It is necessary for the governed and their associations—as well as the media—to develop a moderate attitude in confronting the threat represented by irresponsibility, negativism, and unrealistic political positions.

To make the transition from a dictatorship to a democracy, it is necessary to finish establishing institutions, introduce new structures, and contribute to a change of attitude.

2. From a Militaristic Public Security to a Police-Minded Security

The second dimension of the transition is security: from a monolithic and militaristic public security to a pluralist and police-minded security.

The dictatorship in Panama was based on the so-called "national security doctrine," which emerged in the latter years of the 60's, particularly in South America. There were both rightist and leftist versions of the doctrine. Under that doctrine, public security was conceived as monolithic and militaristic. In fact, it was conceived as an exclusive function of a military institution that assumes the role of rector/oppressor over the entire national life. One of the dilemmas of the Latin American democratization process is that as a general rule the military structures have remained intact. In the two most recent recent cases—Chile and Nicaragua—the military leaderships were not changed.

The specific circumstances that marked the end of the dictatorship in Panama made it possible to have—along with the transition from the dictatorship to a democracy—a transition from a monolithic and militaristic public security to a new kind of public security. This new concept of public security should be both pluralistic and police-minded: pluralistic because public security is not conceived as an exclusive function of a single state institution, but as a function carried out by a number of both public and private institutions; police-minded because it is not conceived in accordance with a mililtary or militaristic model, but in accordance with a police-minded model.

We have decided to adopt a police-minded model for the following reasons:

—the purging of a high percentage of military officers (100 percent of colonels, 83 percent of lieutenant colonels, 40 percent of majors, 31 percent of captains, 19 percent of lieutenants, and 10 percent of sublieutenants); this purging process must continue through legal procedures;

—the elimination of the military institution known as the Defense Forces and its replacement with four different police services—the National Police; the National Air Service; the National Maritime Service, under the Ministry of Government and Justice; and the Institutional Protection Service, under the Ministry of the Presidency—the services of which have been provisionally created through cabinet decrees with the force of law, but which must be finally legalized through constitutional amendment, the approval of the corresponding organic law, and the implementation of police-minded regulations for the various activities related to those services;

—the reduction in yearly expenditures on public security from more than $150 million to about $80 million, to free funds for social, health, and education programs, and the Legislative Assembly determination of the size of the police force each year with the approval of a national budget;

—the development of a program to train policemen in a police academy, with advice from foreign police institutions, first through transition and specialization courses for existing personnel and later through basic training courses for new recruits who, it is hoped, will start in November.

This police model demands, among other things, an awareness by the citizens that has not yet materialized. The citizens must realize that protests in a democracy must be peaceful and abide by the law, while police professionals must realize that in a democracy the maintainance of order can and must abide by the law and the use of minimum force.

The public security model must be pluralist and as such must have the following besides the four previously mentioned police services:

The Judicial Technical Police—This organization was reorganized as a branch, no longer of the Government and Justice Ministry, but of the Public Prosecutor's Office, and requires the approval of a new law that is currently under discussion, because it was not approved during the first session of the Legislative Assembly.

The National Penitentiary System—Its development as a modern civil system requires the training of specialized personnel, approval of the corresponding law, an investment of about $8 million for repairs, and the construction of penitentiaries.

The National Civil Protection System—It is being developed for the first time with the incorporation of certain community experiences in crime prevention that demand more human, as well as financial resources.

Private Security Agencies—Their development calls for official regulations and oversight and this requires that the respective authorization be approved by law. This was attempted but not achieved during the first session of the Legislative Assembly.

The main framework in these factors that affect public security is administration of justice by authorities such as the corregidores, prosecutors, and magistrates deserving of the trust of all Panamanians. This is one of the most urgent needs.

The transition to a new public security model must be based on nation-wide awareness of the public security tasks and how serious they are in a democracy—the prevention and repression of common crime, the struggle against drug trafficking, the patrolling of our ground and maritime borders and airspace (against contraband, illegal immigration, illegal fishing, piracy, etc.), the maintainance of a democratic constitutional order, and the protection of the canal (this should not be confused with its military defense).

3. From an impoverished and state-controlled economy to a developing market economy with social solidarity:

The third dimension of the transition from dictatorship to democracy is the economic dimension—from a state-controlled economy mainly financed by increasing public debt, which led to impoverishment through the constant increase in unemployment and the gradual deterioration of social services, to a market economy mainly financed by local and foreign private investment, with an increase in public debt lower than the increase in the gross domestic product, which leads to well-being by offering greater opportunities for productive employment and the consolidation of basic social services.

Some of the conditions needed for this transition have already been achieved:

Budget discipline in public finances has been achieved. We must still deal with the problem of the accumulated public debt, for which it will be necessary to effectively establish a support group with regard to the debt owed to international financial institutions, whose future support is essential for infrastructure projects.

Restrictions on the banking system have been lifted and there has even been a considerable increase in the funds deposited in the system. There must still be an adequate increase in granting credit of all types and for this purpose it is necessary that $108 million from a U.S. donation be made available.

There has been a substantial reactivation of economic activity during the first half of 1990, and an annual increase in the gross domestic product that the Planning and Economic Policy Ministry estimates at 2 percent and the Indesa [Investigacion y Desarrollo Company] consulting firm estimates at approximately 6.7 percent. This reactivation must not allow us to think that we need not undertake a transition to a new economic model. The growth rate is high, but only in relative terms with regard to recovering from one year of the contraction experienced since the middle of 1987. That is why the reactivation occurs without quickly creating new job opportunities to absorb the accumulated unemployment and the employment needs of the 30,000 young people who annually enter the labor market.

In addition, the crisis provoked by Iraq and its repercussions on petroleum prices might become, through the increase in fuel prices, an unexpected factor for a recession and, with it, additional unemployment.

To respond to this pressing priority of creating jobs, it is necessary that some proposed measures be implemented as soon as possible. Following are some of these measures:

All investments authorized by the current budget and by the approved supplementary credits must be urgently implemented as soon as possible.

Projects financed by the Social Emergency Fund must be activated as soon as corresponding funds from the U.S. donation are made available.

The Executive Branch and the Legislative Assembly must agree on the text of a law establishing preferential interest rates to overcome the presidential veto of a previous law. This law would quickly activate the construction industry.

A bill on multi-sector export zones must be presented at the beginning of the second session of the Legislative Assembly, with the understanding that the fundamental labor rights to unionize and strike cannot, according to the Constitution, be suspended.

The "national development and economic modernization strategy" has the advantage of clearly explaining to the country the economic dimensions of the transition from a dictatorship to a democracy. We cannot escape this dimension. As for the rest, the overall significance of the "strategy" is correct. As is usual within a democracy, public discussion of the "strategy" has emphasized certain areas that require special attention, which have to do, among other things, with:

—providing the same amount of time and number of rectifications to public services as provided to the private economy;

—establishing conditions and the proper time frame so that the modernization of national production can allow it to successfully face a greater opening of our economy;

—protecting national agriculture production against the possibility of unfair international competition (subsidies and "dumping") while obtaining better prices for inports and better financing;

—listing the changes that are needed in labor laws and regulations that can make possible a dramatic increase in the creation of new job opportunities and, consequently, better conditions for workers in the future;

—coordinating the implementation or preparation for the fundamental duties related to the canal's future, such as a program for the conservation of the hydrographic basin, an institutional organization that allows for the Panamanian Government's administration of the canal, a national labor organization for canal employees, and taking advantage of our geographic position and our interoceanic canal in light of the future results of studies jointly carried out by Panama, the United States, and Japan.

—putting forth the procedures and guidelines that can lead us to define our position with regard to Central American integration and/or the terms of a possible free trade agreement with the United States.

As soon as the short-term economic plan approved by the government reaches a point of equilibrium—difficult, but not impossible—between economic organization and socio-political acceptance, the reactivation that has been initiated will convey a sense of reconstruction of a new model capable of providing employment and social welfare opportunities to our population. To achieve this equilibrium, it may be advisable to concentrate on a group of economic rectification measures that can be implemented quickly with a shorter programmed sequence based on the experience that is acquired.

4. From an isolated nation with soverignty in a state of trauma to an integrated nation with strong sovereignty:

The fourth dimension in the transition from a dictatorship to a democracy is the international dimension—from an isolated nation in the international community, which saw its canal treaty rights in danger and which suffered trauma of sovereignty, to a nation integrated within the international community, the sovereignty of which begins to regain strength.

This dimension of the transition is not secondary. For our country, its position in the international context is of utmost importance because of its geopolitical position, its history, its human components, and its economy.

Our international relations have been completely normalized. Despite provocations, relations have not been broken with any state and there are only a few cases pending normalization. We can now enter the phase of strengthening normal relations, particularly with the Soviet Union and other Central and East European countries that have begun a democratization process and have established economic ties with West European countries.

Transferring to the Ministry of Foreign Relations full national responsibility for matters related to the 1977 canal treaties, together with strengthening that ministry's actions through the establishment of the National Foreign Relations Council puts us in an excellent position to conduct various tasks concerning our relations with the United States, such as:

—planning our participation in the implementation of the canal treaties;

—presenting new alternatives for the canal, such as the widening of the Gaillard Cut;

—contributing to necessary preparations to fully assume the administration of the canal;

—sensibly and firmly advancing in negotiations related to the agreement on crime investigation, which will eventually be submitted to the Legislative Assembly for approval.

One can progressively catch a glimpse of important options in the development of our international relations, which require consideration and decision in the following fields:

—rapprochement with the Central American countries brings up the topic of our possible integration into that area and to their political and economic organizations, which could be compatible with some regional free commerce agreement with the United States;

—the renewal of ties with the EEC, which has taken place for humanitarian reasons due to our crisis and because of our rapprochement with Central America, must be expanded and consolidated;

—the importance of our development to the countries of the Pacific Basin, particularly Japan, which grows and becomes more diverse as it extends to the activities of the Free Zone and commerce in general, as relates to studies on alternatives to the canal and to the development of multi-sector zones for export, deserves sustained and coordinated attention;

—as the East-West confrontation is progressively dismantled, the problems of North-South relations acquire more specific validity and we must participate in their solution with a sense of Latin American identity.

The transition from dictatorship to democracy includes four dimensions: political, security, economic, and international. The commitment of the transition government, the national reconstruction and reconciliation government, consists of that transition and its four dimensions. We have already begun and continue to advance it. The

clear vision—a vision of a free and fair fatherland, safe, prosperous, and respected—will guarantee that we do not go only halfway.

Foreign Minister Comments on Legal Aid Treaty

PA2708170990 Panama City LA ESTRELLA DE PANAMA in Spanish 22 Aug 90 pp 1-A, 2-A

[Letter by Foreign Minister Julio Linares to presidents of eight professional organizations in Panama City—dated 20 August]

[Text] Messrs Luis A. Chen Gonzalez, Panamanian Association of Certified Public Accountants; Jose Miguel Aleman, National Bar Association; Jose A. Noriega, Commercial Law Association; Eloy Alfaro, Banking Law Institute; Damaso Diaz D., Martime Law Association; Mario E. Jaramillo, Panamanian Association of Business Executives; Edgardo Lasso Valdes, Panama Banking Association; and Ricardo Aleman, Panamanian Chamber of Commerce, Industries, and Agriculture.

Dear Sirs: I am replying to your letter dated 14 August in which you refer to the "negotiation of an agreement between Panama and the United States regarding investigating crimes."

1. It is true that a draft agreement on mutual legal assistance between Panama and the United States has been prepared and the final version has been submitted for consideration to the Foreign Ministry.

2. It is also true that, according to the above-mentioned version, the action prompting the request for legal assistance should constitute a crime or misdemeanor in the state making the request. However, in the state that assistance is being requested from, the crime might not be considered a crime. The Foreign Ministry intends to review mutual aid treaties on criminal matters the United States has signed with other countries, including those treaties which require that the act in question also constitute a crime or misdemeanor in the state receiving the request.

3. The Executive Branch is intending to exclude from the scope of the law crimes which are not related. This will make the input from the Finance and Treasury Ministry on the final version very important. Let me add that the Foreign Ministry's review of the mutal legal assistance treaties signed by the United States will focus on those treaties that, as you stated, "exclude fiscal crimes, except for limited restrictions."

4. The way the version you comment on is written, legal assistance can be provided directly from the Panamanian attorney general to the U.S. attorney general. I would advise you to elaborate further on this matter and on the need, which seems to be inferred from the letter I am answering, for Panama to formalize a legal action.

5. So that the Foreign Ministry can have the elements of judgment that will enable it to more accurately assess the version of the treaty that has been submitted, it is vital that you inform me of the points contained in this version which, in your opinion, are "equally ill-advised," but refrain from mentioning them "for the sake of brevity."

6. Because I deem this charge to be completely unfounded, I want you to tell me of the legal grounds that have prompted you to warn me that the draft agreement encroaches on the legislative domain." [no opening quote mark as published] As you know, since most of the signatories of the letter in question are lawyers, the participation of the Legislative Branch will be in order once the states have signed, something that has not happened yet in this case. Moreover, to avoid a priori judgments, which are an uninformed way of thinking of the Executive Branch, the above-mentioned agreement must be submitted for the consideration of the Legislative Assembly, as mandated by the constitution.

7. In addition, I disagree with your views that "the Executive Branch must refrain from making the mistake of again encroaching on the legislature's domain by signing an agreement on matters that must be submitted to the legislative assembly.... " It is clear you are referring to the grant agreement signed with the Agency for International Development on 3 July 1990, mentioned in one of the paragraphs of your letter, stating that "on the 12th [month not given] a challenge to its constitutionality was filed before the Supreme Court of Justice . . . because it was felt that the agreement was signed without the prior consent of the Legislative Assembly, in violation of Articles 153, 3, and 179 of the Constitution."

According to the above-mentioned norms, international treaties and agreements that are concluded by virtue of the power granted by the Constitution to the president of the Republic must be submitted to the Legislative Assembly for discussion. This is undoubtedly the general rule and I am saying this because it should not be forgotten that the Constitution establishes that: "The Republic of Panama will abide by the norms of international law."

For several years now, it has been observed among the international community that there is a growing tendency to make commitments without first complying with the formalities of previous approval by legislature, as is the case with the so-called "agreements in a simplified manner" of the French doctrine and with the "executive agreements" [preceeding two words in English] of U.S. doctrine. The trend has been growing so much that the Vienna Convention on the Law of Treaties—of which the Panamanian legal system is a part as it was approved by Law number 17 of 31 October 1979—mentions and even regulates the consent of the states to comply with a treaty merely by having signed it, and specifies in Article 12, numeral one the following:

"1. Consent by a state to comply with a treaty will be expressed by the signature of its representative:

"a) When the treaty decides the signature will have that effect.

"b) When it is confirmed that the negotiating states have agreed that the signature shall have that effect; or

"c) When the intention of that state to make effective the signature is evident from the full powers granted to its representative or it has been expressed during the negotiation."

As it is evident, the fact that the Panamanian legal system allows through Article 4 of the Constitution for the simple signing of "agreements in a simplified manner" does not mean in any way that these agreements may be on any issue. This cannot be the case, inasmuch as the power to conclude these treaties must be interpreted in the context of the constitution, that is, it cannot be isolated. Therefore, the obligations that Panama may acquire in the "agreements in a simplified manner" should be restricted to those that the Executive Branch can comply with, acting by virtue of its powers or the attributions that have been assigned to them. In other words, an "agreement in a simplified manner" could not add, abolish, modify, or substitute norms of our legal system as that legislative function has been attributed by the Constitution to the legislative assembly, and it is up to the Executive Branch within this function to approve and issue the laws that the assembly approves or to return them with reasonable objections.

However, the most important issue of all of this is not whether I am right or you are right. The most important issue is that we are in fact living in a state of law, following 21 years of legal and political ignorance, which is the reason why the Executive Branch will comply with the ruling that the Supreme Court of Justice will issue, even though it will not be favorable in the instance that you mentioned.

8. To conclude, I agree with you that "an agreement on such an important issue should be made public and submitted for discussion on all related sectors as these are issues that interest the country in general," and as far as I am concerned, it will be done.

I urge you to continue sharing your points of view with me at all times.

Sincerely yours,

Julio E. Linares,

Foreign Minister.

Public Force Surrounds National Institute

PA2708160390 Panama City Radio KW Continente in Spanish 1435 GMT 27 Aug 90

[Report by Ruben Diario Diaz]

[Text] Good morning, listeners. At this moment members of the Public Force are surrounding the National Institute and we do not know what their intentions are. However, the expelled students have said that they are being harassed and persecuted by the Public Force and are not ruling out the possibility of being violently removed from the school.

In another development, the students have accepted the mediation efforts of Attorney General Rogelio Cruz; Archbishop Lacunza; Alberto Quiros Guardia, president of the National Journalists' Association; and Panama University Rector Abdiel Adames in finding a prompt solution to the conflict. In addition, the students said that they will hold Education Minister Ada de Gordon, Panama City Mayor Guillermo Cochez, and Government Minister Ricardo Arias Calderon, among others, responsible for their safety. Finally, the students have categorically denied they are being instigated by left-wing politicians.

Following is a statement by Florentino Pineda, secretary general of the Federated Association of the National Institute:

[Begin recording] [Diaz, in progress] ...Federated Association of the National Institute. We have heard that you have been the targets of harassment and persecution by members of the Public Force on 25 and 26 of August. We do not know how serious the effects of the harassment and persecution have been, or if you have been pressured by any members of the Public Force.

[Pineda] Certain unusual developments occurred on 24 August at the school. To begin with, power was cut off at approximately 1830 and telephone service was disrupted. Even the water was cut off. This is what we (?have) right now.

We have experienced various provocations by the Public Force, who did not allow our relatives to enter the school and barred us from receiving food. The Public Force said that nobody could come in or go out and that whoever entered the National Institute could not leave. We reported these provocations over the weekend. We also reported that the Public Force could forcibly remove us at any time.

In addition, we have learned that the people behind these actions are Education Minister Ada de Gordon, Mayor Cochez, and Government Minister Arias Calderon.

[Diaz] Would they be held responsible if anything happened to you?

[Pineda] Yes, we will hold them responsible. At this moment we are surrounded by members of the Public Force. Riot police are here as well. They are keeping us surrounded [word indistinct]. We feel that we may be forcibly dislodged any time.

[Diaz] What are the contents of the communique you want to release to the public?

[Pineda] This communique outlines our viewpoints and positions regarding the struggle we are waging. We accept as mediators different prominent members of our society such as Attorney General Rogelio Cruz, Msgr. Jose Luis Lacunza, and Alberto Quiros Guardia, president of the Journalists Association, as well as University of Panama Rector Abdiel Adames so that they can act as mediators in the search for solutions to the problems in our school.

[Diaz] If there is no solution, what will you do? Will there be an indefinite hunger strike?

[Pineda] We do not want to get ahead of ourselves regarding what we may do if a dialogue does not take place, but we are willing to hold a dialogue with the government authorities, especially with the new principal, so that we can find a solution to our school's problems.

[Diaz] There have been some comments that you are the victims of leftist political movements. Is that true?

[Pineda] Sincerely, one has to see why we are struggling. We are demanding that the students who have been expelled be allowed to return. We want to exercise our right to organize ourselves as a student movement. However, some media have tried to distort and misrepresent our struggle. They say we have been manipulated by leftist groups, this is completely false. We have always assumed an independent, unyielding position. Today we are fighting for our right to education and the right to organize ourselves as a student movement. [end recording]

Radio KW Continente listeners, we will give you more details later on this tense and delicate situation at the National Institute.

Police Use Tear Gas

PA2808005490 Panama City Circuito RPC Television in Spanish 0000 GMT 28 Aug 90

[Text] A few minutes ago, students of the night school for secondary education, which operates in the National Institute building—which is presently closed—began a protest in front of the building just as antiriot policemen who had been keeping watch left the place. Our reporters went to the scene and observed what was happening.

After being addressed by one of the night school students, most of the students hurled rocks at passersby. As a consequence, the antiriot policemen had to return, and they used tear gas to discourage the students' actions. A large group of onlookers approached the area, making it harder to control the students and other persons who had joined in the protest. By the time our reporters left, the situation apparently was calm but the demonstrators remained near the buildings.

Mediators Proposed

PA2808011490 Panama City Circuito RPC Television in Spanish 2328 GMT 27 Aug 90

[Text] We have received a copy of a communique addressed to the country and signed by Prosecutor General Rogelio Cruz; Monsignor Jose Luis Lacunza; Panama University Rector Abdiel Adames; and Professor Alberto Quiros Guardia, president of the Journalists' Association. The communique states the following:

We have learned through the media that we have been proposed by National Institute students to act as mediators between them and the Ministry of Education. Wishing to contribute to the solution of this disagreement, we will gladly act as mediators, provided both sides make the proposal publicly and in writing and agree that, once we have agreed to act as mediators, they will refrain from making decisions and taking stands that will aggravate the existing situation and make our job as mediators more difficult. [Signed] Rogelio Cruz, Prosecutor; Msgr. Jose Luis Lacunza; Dr. Abdiel Adames, rector of the Panama University; and Professor Alberto Quiros Guardia, president of the Journalists' Association.

Group of Teachers Oppose Demonstration on 29 Aug

PA2808013190 Panama City Circuito RPC Television in Spanish 2323 GMT 27 Aug 90

[Text] Jose Gregorio Garcia, one of the leaders of the teacher's group that supports the National Civic Crusade, has stated that this group does not support the call for a demonstration on 29 August being made by the Association of Professors of the Republic. Meanwhile, Nestor Mendez of the Association of Professors of the Republic has reiterated the call for the demonstration.

[Begin Garcia recording] Unfortunately, money is what motivates Mr. Nestor Mendez and his four followers. They have never cared about what happens to the students, teachers, or to the education sector. This is an idea motivated by money that has no bearing on the current situation. There are other things happening throughout the country that we can fight to improve. The teachers must be like oceans—they must flow freely. A teacher cannot be like water that is caught in a swamp. We must wait for the right time to act and we must stop to think who it is we are attacking. We believe that that tiny group, which benefited from the dictatorship, is trying to create a specific situation. They want to teach for just a few hours a day at some schools, they want university appointments, and they want transfers. They want all these shallow things. [end recording]

Meanwhile, Professor Nestor Mendez, secretary general of the Association of Professors of the Republic, stressed the organization's position.

[Begin Mendez recording] The demonstration scheduled for 1400 on 29 August is going to be held. There is a movement underway to boycott the demonstration. The Education Ministry has used its spokespersons to try to

distort the situation. They are using slander and other tactics that a person with dignity would not use to distort the reasons for the demonstration and to stop it.

We are clear with regard to what we want. We have asked for talks with the government. The government has refused to talk. We have even asked for a pro-rated payment of our back wages and this has not been accepted. For example, the teachers are being misled. The teachers who will be paid are those who were appointed by decree. There are approximately 1,054 teachers who fall into this category. This means that there are 500 teachers who are not going to get paid. So who is provoking the demonstration? The government is. As long as they refuse to sit down and talk to us, we will continue to promote demonstrations. [end recording]

Romanian Diplomat Visits Foreign Ministry

PA2808024990 Panama City EL PANAMA AMERICA in Spanish 25 Aug 90 p 16B

[Text] Romanian Charge d'Affaires Augustin Berindean today visited Panamanian Foreign Minister Dr. Julio E. Linares. The purpose of the visit was to review the bilateral political situation and prospects to encourage a political-diplomatic dialogue at all levels.

Mr. Berindean told the foreign relations minister that the Romanian Government wishes to increase and diversify friendship and cooperation between the two countries.

The charge d'affaires also expressed interest in encouraging the negotiation of cooperation documents in the fields of economy, industry, and technical cooperation, for the benefit of both countries.

Argentina

President Carlos Menem Departs for Chile

PY2708125490 Buenos Aires TELAM in Spanish 1240 GMT 27 Aug 90

[Text] Buenos Aires, 27 Aug (TELAM) — President Carlos Menem departed for Santiago, Chile, where he will meet with his colleague Patricio Aylwin, at 0930 on board the Tango-01 presidential plane.

The chief of state is travelling with Foreign Minister Domingo Cavallo, Education and Justice Minister Antonio Salonia, Economy Minister Antonio Erman Gonzalez, and Presidential Spokesman Humberto Toledo.

Menem did not speak with the press at the military sector of the Jorge Newbery Metropolitan Airport before leaving.

Brazil

Diplomat Ordered To Return to Embassy in Kuwait

PY2808030090 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Aug 90 p A-10

[Text] Brasilia—Itamaraty has ordered the Brazilian representative in Kuwait, Secretary Jorge Firmeza, to return to the embassy in that country, which is occupied by Iraqi troops. Firmeza had left the embassy to escort Brazilians to Amman, Jordan. The Brazilian Embassy was empty while other Western embassies were surrounded by Iraqi troops.

The Brazilian secretary was ordered to report to Itamaraty if he encountered any problems entering Kuwait. Foreign Minister Francisco Rezek said yesterday that the situation will be reviewed again if Firmeza is not allowed to enter. There are 41 Brazilian citizens who chose to stay in Kuwait. According to the 46-year-old foreign minister, most of these people are the wives or children of Kuwaiti and other non-Brazilian citizens.

Itamaraty spokesman Jose Vicente Pimentel, 44, has said that the Brazilian Embassy in Kuwait was not closed. Activities were temporarily suspended there on 19 August because Firmeza, the charge d'affaires, was entrusted with the mission of escorting 20 Brazilian citizens out of Kuwait. "The lives of these Brazilian citizens were in danger," Pimentel said.

Only a Kuwaiti employee remained at the embassy, but the Brazilian flag was never lowered. Pimentel said that if there were two diplomats, "one will probably stay." Ambassador to Kuwait Sergio Noronha was at the embassy, but he had retired a few days earlier.

One day after the release of the clip showing Iraqi President Saddam Husayn hugging a British boy, Brazilian President Fernando Collor de Mello, 41, made an appeal for the release of the children retained in Iraq. In a letter sent yesterday to Canadian Prime Minister Brian Mulroney, Collor said: "As government leaders, under no circumstance or pretext can we allow suffering and hardship to be imposed on mothers and their children."

Mulroney will be the cochairman of the World Leadership for Children, a meeting for the rights of children to be held in New York 29-30 September. Collor asked Mulroney to convey his "strong appeal" for the release of all foreign children in Iraq.

Government Suspends Contracts With Iraq

PY2808002090 Rio de Janeiro O GLOBO in Portuguese 27 Aug 90 p 17

[Text] Brasilia—The Brazilian Government has officially notified Iraq of its decision to suspend the contracts that Brazilian companies are fulfilling in that country. Itamaraty made it known to Baghdad that, because it has joined the mandatory UN Security Council economic-commercial blockade against Iraq, Brazil is in no position to continue to honor those contracts. Brazilian officials thus believe that Iraq no longer has any reason to retain Brazilian citizens with pending contracts to carry out in their territory.

The Brazilian Government is seeking to prevent Brazil from being considered a "hostile" country by Iraq and to prevent Brazilian citizens from being taken to key targets to be used as human shields. The Brazilian Government's priority objective is to evacuate all Brazilian citizens from the conflict area.

The Mendes Junior company representative in Jordan went to Baghdad yesterday. Diplomatic sources believe the company wants to withdraw its personnel all at once, instead of group by group. These sources also believe the construction firm wants to withdraw all of its personnel straight from Baghdad and not through neighboring countries, as was the case with Soviet and Austrian citizens.

Brazil has sent letters to Iraq to notify the country of the suspension of work by the Mendes Junior Construction Company, Volkswagen of Brazil, and the Maxion Company, which manufactures tractors and agricultural equipment. In doing so Itamaraty is laying the groundwork for resuming services as soon as the conflict is over, because the contracts have not been rescinded. The Brazilian Government believes it is not committing any breach of contract because it is not responsible for the situation that has prevented compliance with these contracts.

Official Views Nuclear Agreements With Iraq

PY2708143490 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Aug 90 p A-14

[Report by Deonilson Roldo]

[Excerpts] Foreign Minister Francisco Rezek, 46, feels pessimistic regarding a negotiated solution for the Persian Gulf conflict. Rezek yesterday spoke before the congressional foreign affairs committee. He said: "It

now seems impossible to solve the crisis without violence, without an armed confrontation." According to the minister, a "bloodless" negotiated solution may be difficult, especially for Kuwait which is currently militarily occupied and annexed by Iraq.

Rezek said that the position that Iraq may now assume is "unforeseeable." He said: "Many analysts, who are pessimistic, think that we have reached a point of no return." As for the occupation of Kuwait by Iraq, Rezek is convinced that a negotiated solution would leave "disputes that will torment the country in the upcoming months." He added: "This is an impasse unprecedented in recent history."

The government yesterday reiterated that Brazil may participate in a UN peace force if such a force is formed to intervene in the conflict. "If the crisis lasts a bit longer, the United Nations will probably intervene, and Brazil may participate within such framework," the minister said.

The formation of a multinational peace force depends on several bureaucratic measures, including the approval of a budget and of a resolution to create such a force. According to Rezek, this is one reason why the United Nations has not intervened so far with the "Blue Berets." The minister said: "It was hoped that the conflict would be quickly solved and that it would not last so long." The minister said regarding the duration of the conflict; "I am less hopeful now than five days ago." [passage omitted]

Minister Rezek said that the government knows nothing about agreements that reportedly have been made with Iraq over developing nuclear weapon technology. "Official information is extremely scarce," he said. "If some agreement was reached, it was made secretly" without the knowledge of the Brazilian Government or Congress. Rezek said that if such an agreement was reached it was made on an "extraconstitutional" basis.

The Foreign Minister does not believe that there will be "an international conflagration," following the Iraq-Kuwait crisis. He does acknowledge, however, that the conflict "somehow threatens everyone" in the economic aspect. The end of the cold war and the East European countries' concern for economic development are two factors that make a world war seem distant, according to Rezek. "Fortunately we are reaching the end of the century," the minister said after recalling that the current century was marked by two world wars.

* Latin American, Caribbean Left Convenes

* Lula Promotes Leftist Front

90SM0230A Brasilia CORREIO BRAZILIENSE in Portuguese 3 Jul 90 p 5

[Article by correspondent Anselmo de Souza]

[Text] Sao Paulo—The Workers Party (PT) and 47 other political parties and organizations are discussing the possible formation of a leftist front in Latin America and the Caribbean. This is the primary, although not expressly acknowledged, purpose of the meeting this week in Sao Paulo of 80 delegates from those organizations. On the first day of debates, representatives from Argentina, Mexico, Venezuela, Cuba, and practically all the other countries of the region, along with the Brazilian Left (represented by the PT, PDT [Democratic Worker's Party], PCB [Brazilian Communist Party], and the PC do B [Communist Party of Brazil]) analyzed the changes in international politics, starting with the unification of the capitalist and communist Germanys.

Yesterday and today—the final day of the meeting—they are planning to discuss specific instances of the "advance of democracy and socialism" in Latin America and the role of social movements and elections in modifying the Latin American economic systems which, in their opinion, are dependent on the U.S. model. National President of the PT Luiz Inacio Lula da Silva said that the Left can influence a "change in behavior" by the Latin American and Caribbean countries, who act "as if they were colonies of the wealthy nations."

Lula did not hide his intention to transform the meeting of leftists into the embryo of a Latin American front. "I think we should discuss topics at this meeting that can unify the actions of the Left in Latin America and the Caribbean even further." Lula's comment seems to have been a seed that, sown at the opening session, landed in fertile soil—at least among PT members. Member of the party's executive board and its international relations committees Joao Machado said that the "front" will only become a reality if there is consensus among the delegates. And he added: "The climate is right for a proposal like this. So far, however, all we know is that there will be increased communication among the parties of the Left."

Three delegates—from Argentina, Mexico, and Cuba—interrupted the meeting in the afternoon to give interviews, since the sessions are closed to the press. Eduardo Exposito, of the Argentine Movement Toward Socialism, said that the groups on the Left have played a vital role in the fall of the military dictatorships. Regarding the fact that the Latin American economy reflects models that "are in the interests of the United States and the IMF," Exposito said that this is because of some mistakes made by the Left itself, which did not know how to take advantage of the opportunities that arose with the political "opening" in the Southern Cone.

Even so, he said he is optimistic because the Left, in his opinion, has shown signs of strength. He cited the case of Brazil, where "the PT got 31 million votes and almost won the presidency." The Peruvian election also reflects this, the Argentine leader said, because "the Left voted for Fujimori, as a way of punishing the Right, represented by Vargas Llosa." "Integration" is the order of the day at the meeting, but Exposito believes this will only be possible if the "Collor Plan and the Menem Plan" fail, because "capitulation to the IMF and the looting of the national economies" are built in to those plans.

When Deputy Luiz Inacio Lula da Silva announced his intention not to run for reelection, or to become a candidate for any other public office during the coming years, this is exactly what he had in mind—working on a project like this meeting of the Latin American parties of the Left.

As long as discussions center on general aspects of the problems of the countries in this region, the parties and organizations attending the meeting are unlikely to have to deal with major differences. However, disagreements will probably emerge as more specific issues are raised.

* Swimming Against the Tide

90SM0230B Brasilia CORREIO BRAZILIENSE in Portuguese 3 Jul 90 p 5

[Commentary by Antonio Caraballo]

[Text] Representatives of 47 leftist parties and organizations from all over Latin America opened their meeting in Sao Paulo yesterday and encountered some unwelcome competition in the media: while they meet here to preach the socialist route as the remedy for the problems that torment the Latin American peoples, millions of East German revisionists were busy praising capitalism, in its more modern and humanized version, which is that of social democracy.

Setting aside the justified concerns of those gentlemen about the economic malfunctions and the social imbalances in Latin America, one simply cannot ignore the nagging sensation that someone is going the wrong way on a one-way street: either these people, or the revolution that Mr. Gorbachev is leading throughout Eastern Europe. Probably Latin American political and economic salvation has little to do with the proposals of economic statism and the subjection of thought and freedom to a centralism that is less and less democratic.

In fact, there is growing support for the view that the Latin American solution is not to be found in ideology, but in its customs. Basically, this means making both the governed and those who govern ashamed of themselves, repealing Gerson's Law ["You have to come out ahead every time"], moralizing and debureaucratizing the government apparatus, respecting peoples' right to undertake new ventures, paying decent wages, and stimulating the free circulation of ideas, knowledge, goods, and services.

The Latin American Left has every right to meet, debate the problems of the region, and suggest alternatives. But it would have to make it clear whether these options include respect for divergent views and a willingness to abide by them.

* Dancing to the Perestroyka Tune

90SM0230C Brasilia CORREIO BRAZILIENSE in Portuguese 4 Jul 90 p 3

[Article by correspondent Anselmo de Souza]

[Text] Sao Paulo—Perestroyka and the fall of the Berlin Wall are going to influence the parties of the Left all over the world, but especially in Latin America. Now they will have to "do their own thinking," said Daberto Gutierrez, representative of El Salvador's Farabundo Marti Liberation Front (FLMN), following the debates on the "fall of real socialism" that took place on the second day of the gathering of leftist parties and organizations from Latin America and the Caribbean, sponsored in Sao Paulo by the PT [Workers Party].

The event brought together 80 delegates representing entities on the Left from practically every Latin American country and a variety of schools of leftist thought, indicated one of the PT debaters, Marco Aurelio Garcia, citing attendance by Trotskyites, Communists, and groups that advocate armed conflict. This is the case, for example, of the FLMN, which is now negotiating disarmament with the Salvadoran Government, explained Ernesto Cisneros, in charge of international relations for the FLMN.

Reporting on the principal topics of the debate, Garcia observed that "the crisis in socialism is just beginning and will have further repercussions, even in the countries of Eastern Europe," He insisted on making it clear that the PT had erred in the election campaign by not "calling for the demolition of the Berlin Wall and the victory of Solidarity in Poland." Garcia recalled that when the PT made its appearance 10 years ago, it offered a socialist program that had no connection with traditional lines of thought on the Brazilian Left that mirror the Communist models.

As the PT sees it, this fact entitles the party to criticize "bureaucratic regimes that try to install well-being in an authoritarian manner." He criticized labor relations in the traditionally socialist countries, where "the State pretends it is paying and the worker pretends he is doing his job."

* Cuban Model Criticized

90SM0230D Brasilia CORREIO BRAZILIENSE in Portuguese 5 Jul 90 p 5

[Article by correspondent Anselmo de Souza]

[Text] Sao Paulo—The political and economic transformations in Eastern Europe have forced the Latin American Left to acknowledge that the Cuban political regime is dictatorial. Governed for 30 years by Fidel Castro, Cuba lives under a socialist regime inspired by the traditional Soviet model that Gorbachev has begun to dismantle. Having made great "social advances" in this period, according to the statement by Luiz Inacio Lula da Silva, national president of the PT [Workers Party], that country "needs to resolve the problem of internal democracy and elections."

This was one of the thorniest issues raised during the Sao Paulo meeting of leftist parties and organizations in Latin America and the Caribbean that ended yesterday. Organized by the PT, the event brought together 80 delegates from political associations in practically all the

countries of Central and South America. One of the participants revealed that the differences between the various ideological schools of thought became clear during the debates. Some consider democracy to be merely a space that has been opened up so that the workers can come to power. That wing argues that only workers who are in power would be able to implant "true democracy," because then the common people would share in the wealth produced. Another group on the Latin American Left believes that two conditioning factors must be present in order for democracy to exist: "direct elections and a multiparty situation."

Judging by the statements made during the debates, this latter group is in the majority. This is confirmed by the document presented at the closing session. Everyone espoused socialist ideas, but the text places restrictions on the way it is implanted and survives in the Cuban case. "Socialism can only support itself on the will of the people. Socialism is the most profound form of democracy."

There was a consensus among the participants in their attack on the Bush Plan, which they termed a "neoliberal offensive," intended to destroy the national economies. The plan, according to the document, calls for a $7 billion reduction in the official external debt of Latin America, but this is meaningless, because the debt is $430 billion. It is further noted in the meeting communique that in 1989 alone, Latin America transferred abroad $25 billion in interest and repayments of principal. The real intent of the Bush Plan, according to Lula, is "a new colonization" of the Latin American countries.

* Goals of Informatics Plan Until 1993 Cited

90SM0205A Rio de Janeiro O GLOBO in Portuguese 12 Jul 90 p 28

[Unattributed article: "PLANIN Calls for $1.2 Billion Investment Over Three Years"; boxed material as indicated]

[Text] Brasilia—Jose Goldemberg, secretary of science and technology, yesterday announced the final version of the Second National Informatics Plan (PLANIN), which will be in effect for three years after its approval by Congress. PLANIN II is budgeted at $1.2 billion, representing investments totaling $200 million from the Secretariat of Science and Technology and loans from the BNDES [National Bank for Economic and Social Development]. Goldemberg believes that PLANIN II and the decisions of the National Council for Informatics and Automation (CONIN) will equip the nation's industry to compete with international technology without the necessity of amending the Informatics Law.

PLANIN is scheduled to be submitted to CONIN on 15 August. Only then can it be sent to the National Congress for its consideration. Goldemberg does not believe that the plan will be changed significantly by the Council.

At this meeting of the Council, Goldemberg will also submit a proposal to reduce the restrictions on joint ventures. He does not advocate any changes in the limit on equity participation by foreign companies—which under the provisions of the Informatics Law is established at 30 percent—but wants to open the way for technological participation, which is currently prohibited.

A group of government technical experts is meeting to discuss future changes in the Informatics Law. The committee that is working in the Ministry of the Economy will continue its labors until December.

[Box, p 28]

New Plan Establishes Goals Until 1993; Emphasis on Increasing Production

1. Obtain price reductions on products and services in the informatics sector, with the goal of achieving—by 1993—levels that are competitive with foreign products and services marketed in Brazil.

2. By 1992, establish and consolidate the complete cycle of the manufacture of microelectronic components for integrated circuits and optoelectronic components.

3. By 1993, increase to 50 percent the share of the domestic market that is held by microelectronic components produced by Brazilian companies. Increase to 50 percent the share of gross annual software sales that is held by computer programs developed in Brazil.

4. By 1995, increase Brazilian productivity in the various aspects of the development of computer programs.

5. Achieve competitiveness in the domestic market for microcomputers by 1993—and supermicrocomputers by 1995—in terms of price and quality, using international levels as a basis of comparison.

6. By 1993, design and produce medium-performance work stations using technology based on microprocessors or processors available on the open market and using an open operating system.

7.By 1993, increase the level of industrial automation in Brazil by at least 30 percent, giving preference to local solutions.

8. By 1993, reduce the relative participation by public enterprises in the business of providing technical services in the field of informatics, by transferring such services to the private sector and to the existing clients in the sector while establishing requirements as to quality and price. The enterprises affected will be DATAPREV [Social Security Data Processing Enterprise], DATAMEC, and SERPRO [Federal Data Processing Service].

* Sale of Osorio Tanks to Saudis Said Imminent

90SM0205B Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jul 90 p A-B

[Article by correspondent Sheila Faria and local reporter Roberto Lopes: "ENGESA Says Sale of Osorio Tanks To Be Concluded in August"]

[Text] Jose Luiz Whitaker Ribeiro, 61, president of ENGESA [Specialized Engineers, Inc.], a company that manufactures military vehicles, yesterday [4 Jul] told 150 employees and former employees that the contract for the sale of 312 Brazilian tanks of the Osorio type to Saudi Arabia—a $2.2 billion transaction—will be signed by 1 August. Whitaker spoke to the workers at the door of the ENGESA plant in the municipality of Sao Jose dos Campos, Sao Paulo state.

In August it will be one year since the president of ENGESA leaked this information to the press—information that so far has not been confirmed officially by the Saudis. Whitaker said the assurance that the contract would be signed was obtained by President Fernando Collor during a telephone conversation with King Fahd of Saudi Arabia last 15 May. That is not, however, what the British magazine JANE'S DEFENCE WEEKLY is saying in its most recent (30 June) edition, which began to circulate in Brazil day before yesterday [3 Jul].

According to Barbara Starr, JANE'S Washington correspondent, the Saudis have already told the United States that they want to buy 700 U.S.-made Abrams tanks instead of dividing the order between the Abrams and the Osorio (which she incorrectly referred to as a "light tank") as they had previously planned. Barbara says she obtained this information at the Pentagon (the building that houses the U.S. Department of Defense). In Army circles (in Brasilia) and in industrial circles in Sao Jose, Barbara Starr's report was given little credence yesterday.

Whitaker said the contract spells recovery for ENGESA. The company on 20 May asked its creditors to agree to a preventive composition, alleging that it had insufficient resources to liquidate a debt of $400 million. In February—a month in which the ENGESA employees received only 40 percent of their wages—production was halted at the plant. In March the company laid off 530 employees, who still have not received everything to which they are entitled. ENGESA owes its employees an estimated $24 million.

Whitaker said that a part of the labor-related claims of his former employees will be paid with the money that ENGESA will receive from IMBEL (War Materiel Industry of the Army), out of the proceeds obtained from the sale of certain unspecified materials. The ENGESA president refused to say how much he will receive from IMBEL but did say that by next week he will have one-third of the total amount. He was probably referring to the special credit of 300 million cruzeiros that President Collor approved day before yesterday for IMBEL.

The contract between ENGESA and IMBEL is an expedient that has been used since the end of the last administration, when the Army stopped trying to get financial help for Whitaker's company without receiving anything in return. The transfers of funds through the intermediary of IMBEL (the idea originated with an IMBEL director) has already provided the Army with assurance that it will receive the technologies needed for the construction and maintenanance of the Cascavel and Uruna armored vehicles, both of which have been commercial successes for ENGESA.

* Investments in Portugal Rising: Trade Figures

90SM0205C Sao Paulo O ESTADO DE SAO PAULO [Economic Section] in Portuguese 15 Jul 90 p 7

[Article by Cristina Duran: "Brazilian Companies Invade Portugal"; boxed material as indicated; first paragraph is O ESTADO introduction]

[Text] Lisbon (Special for O ESTADO)—Until 1988, only a very few Brazilian entrepreneurs made the list of foreign investors in Portugal.

The picture changed last year, however: a total of approximately $160 million put Brazil—alongside the Netherlands—in fourth place with respect to direct foreign investment. It is maintaining that ranking in the current year and will probably not stop there: there are new deals on the agenda and many market surveys are being made.

Few of the deals to date took advantage of the benefits of the agreement between the central banks of Brazil and Portugal that made $300 million available at the official exchange rate. Among those that did are the construction companies of Norberto Odebrecht and Andrade Gutierrez, which represent one-third of all investments made in 1989.

Odebrecht acquired 75 percent of the Portuguese Bento Pedroso Construction Company—an investment of $20 million in capital through the intermediary of the Bank of Brazil, plus an investment of $60 million in the restoration of equipment. Andrade Gutierrez bought the Portuguese Zagope Company with an initial investment of approximately $3 million.

Today, these construction companies are taking the initial steps. The Bento Pedroso Construction Company has contracts worth $170 million for the construction of 100 kilometers of highways, and Zagope expects to be awarded contracts worth $36 million.

Because it participated in the Program for the Conversion of the Foreign Debt Into Investment, Multishopping Real Estate Enterprises did not have recourse to the provisions of the aforementioned agreement. The fact that this group is seeking $7.5 million has not deterred it from starting work on its project.

By 1991 the beach resort city of Cascais, near Lisbon, will have the largest shopping center in Portugal, representing an investment of $70 million by a partnership formed between one of the largest groups in Portugal—SONAL—and Worldinvest, which combines the Multishopping group and the Gomes de Almeida Fernandes group.

With a shortage of hotel facilities and a shortage of one million housing units in Lisbon alone, Portugal is a very attractive market for the construction industry, and the

real estate brokers are following in their wake. One year after the inception of CONSULTAN its director, Ricardo Volpintesta, proclaimed: "We are victorious." In addition to having promoted "with absolute success" a project built in Cascais by the Wrobel construction company of Rio de Janeiro, CONSULTAN will be handling four other major projects before the end of 1990.

The "deal of the year" in this sector, however, was the formation of the partnership between the powerful Espirito Santo Group and the Brazilian firm Lopes Real Estate Consultants—a "deal" that led to the creation of the firm "Exclusive Real Estate Brokers." Its first promotion—the Parque dos Principes housing complex—exceeded all expectations: within three months all of the 156 apartments offered for sale in the first phase were sold.

The IMOWEL real estate agency of Sao Paulo—which is owned by Wolf Vei Kos Trambuch of Rio de Janeiro—has entered into partnership with the Portuguese firm GMG to form "GMG/IMOWEL." It is a venture into real estate marketing which in two weeks sold 80 percent of its first promotion—a joint enterprise in the Setubal region. The firm is now extending its operations to the city of Porto and the tourist region of Algarve.

The Brazilian group Zoghi also entered into partnership with this agency, but its activity will probably not be limited to the real estate sector. One of the directors, Nelson Zoghi, divides his time between Portugal and Brazil, with the dual function of working with his partners and also of seeking business opportunities in other sectors, as for example the textile industry and retail merchandising.

In the financial sector, the Itau Bank also attempted to use the benefits of the line of credit established between the two central banks but ultimately opted for the traditional "gold clause." Last year Itau invested $5 million to create ITAUSA and has just increased its capital to $20 million.

BANCTEC—ITAUSA Group's associated company in the informatics sector—is also expanding its operations. In its capacity as consultant to Portuguese financial institutions, BANCTEC is programming a master data processing plan for a number of banks as well as for the Continente chain of hypermarkets of the SONAC Group, and has also begun to analyze projects for Eastern Europe.

The biggest industrial contract of 1990 was signed recently between the auto parts manufacturer COFAP and the Portuguese state enterprise "State Investments and Participations." The contract involves an investment of $154 million, 80 percent from COFAP. The company will make electronic components for automobiles, with 70 percent of the production destined for export, and anticipates annual sales of more than $14 million by 1995.

[Box, p 7]

Portuguese Fall Behind in Foreign Trade

Lisbon—Despite the increase in the volume of Brazilian investments in Portugal, trade relations between the two countries are not going well. There is little Portuguese investment in Brazil, and the trade balance is negative on the Portuguese side. The policy of decontrolling Brazil's imports may change this situation, however.

Brazil's exports to Portugal totaled $84 million last year, but its imports from Portugal came to less than $7 million. In the first few months of this year alone the balance is already negative for Portugal, producing a trade deficit of $7 million.

In 1989 and 1990, Brazilian entrepreneurs invested approximately $350 million in Portugal. According to the Bank of Portugal, however, during 1989 Portuguese investments in Brazil totaled only $6 million, distributed among wholesale and retail merchandising, restaurants, hotels, transportation, storage facilities, and communications.

The agreement concluded between the central banks of Brazil and Portugal did little to improve this situation. Because of the severe restrictions on the Brazilian side, few companies benefited from this line of credit. A great apathy on the Portuguese side is already apparent.

The situation could change, however. According to Eurico Roseta, director of information at the Portuguese Foreign Trade Institute, companies in various sectors are interested in exporting to Brazil. As for investments, Roseta said that talks are taking place "but there are also many doubts."

President Fernando Collor is scheduled to visit Portugal in October. According to Minister of Foreign Affairs Francisco Rezek, mechanisms to improve Brazilian-Portuguese relations are being studied. Meanwhile, the Spanish Government has just allocated $700 million for the promotion of trade, cooperation, and the formation of joint ventures with the countries of Latin America.

* Current Wave of Kidnappings in Rio Assessed

90SM0220A Sao Paulo ISTOE in Portuguese
25 Jul 90 pp 32-37

[Text]Does Rio Have its Own Mafia?

One of the innumerable telephone calls placed by the kidnappers of Rio businessman Roberto Medina—released on 21 June following the payment of a ransom of $2.5 million—to national secretary of the PRN [National Reconstruction Party] Juca Colagrossi, who mediated the negotiations, showed that kidnappings in Rio de Janeiro are not committed only by a handful of people who decide to abduct someone—there are freelancers who practice the trade, and there are kidnappers in prison and in the Civil Police itself who plan or assist

with the crime. One of Medina's captors phoned Colagrossi regarding an attempt to cut the amount of the ransom. Colagrossi then heard a remarkable confession: "You cannot cut the amount of the ransom any further. That is because we keep 60 percent of the money, 20 percent will be given to the Falange Vermelho [Red Falange] and the other 20 percent will be turned over to the Civil Police." In Brazil, involvement of police and prison inmates in criminal activities is as old as crime itself. However, during the wave of kidnappings that is sweeping the country, especially in Rio de Janeiro, that connection demonstrates that although a state of organized crime may not yet exist, it is not too far off.

Rio Governor Wellington Moreira Franco, who has gone on the offensive because he sees that as the best way to defend his state from accusations that the kidnapping problem is headquartered in Rio de Janeiro, finally admitted that at least a rough framework of an organized crime structure actually does exist. In the words of the governor it is a "Mafia-type organization" that is at work in Brazil. Moreira Franco took up the cause in an alarmist warning that he had published in leading Brazilian newspapers on Wednesday, 18 July. Full- page ads read: "The country must unite to defeat organized crime." It is true that violence in its various forms, including kidnappings, has terrorized the public in several Brazilian cities. In the midst of the collective fear, the question arises as to whether or not organized crime exists in this celebrated land where the peaceable nature of its people is coupled with the no less celebrated good fortune that God is of the same nationality.

Excesses are being committed that help to heighten the public's feeling of insecurity. Example: you cannot compare gangs like the one Maurinho Branco—one of Medina's kidnappers—belongs to, with the American Mafia that set fire to Chicago in the 1920's. Even if he were a homegrown Brazilian version of him, Maurinho Branco is far from being an Al Capone. The alarm sounded by Moreira Franco does, however, have some logic: while so far we have not seen the refinements of the Corleone model of the Mafia, the gangs who are at work in Brazil have managed to build up a steadily growing organization—and to shorten what used to be called the "long arm of the law."

The abduction of Medina shows how criminal organizations in Rio de Janeiro have refined their tactics. It also demonstrates that, although the police try to show they are working on the problem, they still do not really know whom they are fighting and how to wage the war. For example, the Rio police arrested 20 kidnappers. Meanwhile, executing a plan conceived by Secretary of the Civil Police Heraldo Gomes—they became involved in one of the biggest blunders in Brazilian police history. They crossed the border into Paraguay, arrested fugitives in Paraguay—but without obtaining authorization from Paraguay. Governor Moreira Franco, who will not allow people to call his state a land without a sheriff but did not hesitate to treat Paraguay as lawless when he authorized the police raid on that country, also took aim at Sao Paulo businessmen. He claimed they are taking advantage of the kidnappings to foster parochialism and mount a campaign to slander Rio de Janeiro.

"What we are seeing is nothing sophisticated; they are crimes committed at a level of underdevelopment that is characteristic of our Brazilian hoodlums," says attorney Tecio Lins e Silva, former Rio de Janeiro state secretary of justice. In his opinion, the higher kidnap rate, not only in Rio de Janeiro but in other parts of Brazil, shows that the crooks have redrawn their field of action. Lins e Silva says that we should remember that crime is not static, and should prepare for whatever changes may occur in the criminals' modus operandi. He notes, for example, that the wave of kidnappings is due primarily to the reinforcement of security at banks, and the shortage of money provoked by the Collor Plan. These, he says, forced the bandits to look for a new lode to mine.

In the opinion of Chief Claudio Gobetti, director of the Sao Paulo State Criminal Investigations Department (DEIC), even the most sophisticated forms of criminality now being seen in Brazil cannot be classified as organized crime. He points out that there are no well set up networks able to coordinate, cartel-style, the business of narcotics production, processing, and distribution; bank robberies have been organized by gangs of two-bit thieves who are inexperienced, and often underage. Gobetti says something similar is happening with the kidnappings: "There has been a change in behavior that affects the elements that have turned to crime." According to him, the best example was the arrest, on Tuesday, 17 July, of the kidnappers who had abducted Wolfgang Rudolf Prinz, freed by actions of the Rio police. "These were shantytown hoodlums who were making their living from petty theft and later moved on to kidnapping." says Gobetti. "Evidence of this is that the businessman was held in a shack in the slums by three men armed with only one revolver. Furthermore, he relates, the kidnappers had done no planning, and must have had no idea how much ransom to demand, since they reduced it from $5 million to $300,000.

The term "organized crime" is not even appropriately applied to well- planned kidnappings like that of Medina. "In those cases, we see gangs that are more organized, but we are not seeing criminal organizations," says Chief Romeu Tuma Junior, of the Federal Police of Sao Paulo. The differences between the two hinge even on such factors as the choice of the object of the crime. While raising money has been the principal objective behind the kidnapping committed during recent months, the actions of organized crime are typically aimed at setting up a power structure parallel to the official one, at taking over the institutions. "Organized crime is an enterprise that is permanently crime-oriented, that invests money in both legal activities and in connections to the police and political authorities," says Gobetti. Organized crime families also feature a well-defined hierarchy in which there are no direct relations between the different levels. This way, says Tuma Junior, the

dismantling of one criminal unit of the organization does not endanger the higher echelons.

Using that rationale, Tuma Junior advances an argument that Moreira Franco could use in his effort to improve Rio de Janeiro's image. According to the police official, the kidnappings committed in Brazil by organized crime groups did not take place in Rio de Janeiro, but in Sao Paulo. Cases in point: the abductions of businessmen Antonio Beltran Martinez, Luiz Sales, and Abilio Diniz. The planning was meticulous in all three cases and involved documentation, and even the purchase of the buildings where the victims would be held. The kidnapper gangs kept account books; they studied the map of the city in detail and, when they were caught, did not give the police any names or reveal the organizations that might be behind the crimes. "These people are not told any more than they need to know in order to play their part," said Tuma Junior. Proof of this is that we still have not been able to firmly establish a connection between the three kidnappings. In contrast, the continued arrests of kidnappers in Rio de Janeiro are based on the denunciations by one member of the gang.

This does not mean, however, that conditions are not ripe for the better-organized gangs to transform themselves into regular homegrown Brazilian mafia mobs. According to Sao Paulo jurist Paulo Jose da Costa Junior, professor of criminal law at universities in Sao Paulo (USP) and in Rome: "There is an imminent threat that those gangs may consort with other, better-organized, illegal activities and then come to constitute what we would consider authentic organized crime." In the jurist's opinion, the kidnappers at work in Rio de Janeiro are very close to the narcotics traffickers and the criminals who run the "jogo do bicho" [numbers game]. These organizations are already part of a sort of parallel power structure in their communities. It is common, for example, to see numbers game "bankers" and traffickers assuming the role of the state and arranging for local improvements in order to win the sympathies of the residents.

Since 1988, the Federal Police has been warning in internal reports of the increased incidence of such activities in Brazil and the broadening of their perpetrators' political influence, expressed either by getting their representatives elected to office, or through financial backing for election campaigns. According to Secretary of the Federal Police Romeu Tuma, Brazil is already part of the immensely lucrative international drug market, which does $500 billion worth of business a year. One of those reports points to the possibility, for example, that Brazil might cease to be simply an important corridor for the shipment of cocaine, to become a major producer.

Not only did they predict the increase in the drug traffic, the reports also anticipated the current explosion of criminality—mainly in Rio de Janeiro and in Sao Paulo. Tuma says that "the two issues are intimately connected." He recalls that organized crime has expanded all over the world on inspiration from the Sicilian and American Mafia and the Neapolitan "camorra." Those groups did not readily enter the drug traffic, however, but initially preferred to concentrate their attention on contraband and gambling. Now, narcotics are the mainstay of organized crime, which has found fertile ground in Latin American countries that are major producers of cocaine. According to Tuma, the armed groups that have come to the fore in Colombia—where the Medellin Cartel controls about 80 percent of the U.S. market for cocaine—bear some resemblance to the death squads that operate in Sao Paulo and in the part of Rio de Janeiro State known as Baixada Fluminense. In addition, the organizations of traffickers that operate in Brazil now control the prisons and the smuggling and theft of vehicles.

[Box insert]

The Gangster's Code

Here are some of the laws of organized crime:

- Hierarchical, disciplined, organizational structure;
- Ruthless methods of punishment;
- Continued efforts to undermine political or governmental actions that threaten them;
- Large-scale use of corruption and protection against infiltration;
- Constant expansion of their activities, including by substantial capital investments in enterprises that are absolutely honest and legal;
- Internal struggles for power and control over the organization.

The Homegrown Al Capone

Jacob Greasy Fingers's hair was more manageable than Maurinho Branco's, and the wide-striped suits of Two Cannons Louis would perhaps fit a bit too loosely on Escadinha's trim body, but the growing difficulty of distinguishing big shots from delinquients, and the fuzzy line that separates those who are on one side of the Penal Code from those on the other, confer on the Rio of the 1990's an obvious resemblance to the Chicago of the 1920's. Meanwhile, public opinion waits expectantly, and Minister Bernardo Cabral roots for Chief Romeu Tuma, head of our FBI—sorry, our Federal Police—to assume the role of Elliot Ness once and for all. Some similarities are, in fact, a source of concern, although it is well to take the others with a grain of salt.

Rio is not Chicago, because its organized crime—or crime that is beginning to organize—still has tinges of Third World improvisation. In short, it lacks a hierarchy, the flow chart of a big organization such as Genna Brothers, which had as its "chairman of the board" the bloodthirsty Johnny Torrio. He, in turn, would soon be replaced by a promising gunman from Castellamare, near Rome, a certain Alfonso Caponi (later Al Capone). Just like any self-respecting business, the organization gave job stability to tens of thousands of employees, and maintained ties to high society without requiring the kind of secrecy that conceals lower-echelon criminals.

The elegantly-dressed Torrio used to boast publicly of having an extremely professional contract with the police: $6,500 a month for each precinct's kitty and we're sweethearts. "The police are my personal property." At the time, a Chicago policeman earned $50 a week.

Rio and Chicago resemble each other, however, in the intense traffic between criminals and a cast of supposedly upright citizens—politicians interested in getting campaigns financed, lawyers willing to use the law against itself, and sharpsters and hangers-on of various stripes, including journalists who, clearly, confuse the cultivation of their sources with the cultivation of dubious favors. The web of corruption and compromise began to disintegrate in Chicago only when agents from outside—see "The Untouchables"—who did not have connections with local business, were able to take action. Something else that the unfortunate Rio and the violent Chicago have in common is the circumstance that the sinister coalition between the criminals and the police started with a banal, innocuous event.

Kidnapping Votes

Those who believe in opinion polls know how important the public safety issue can be in determining the outcome of an election. So we can guess how an official must feel when, on the eve of an election, he is faced with the task of fighting an unprecedented increase in the crime rate. If he wins out over the criminals, the official can put the undecided voters on his side of the slate. Otherwise, there is every likelihood that he will see votes he had been sure he could count on slip through his fingers. Such a dilemma must be helping to rob Rio Governor Wellington Moreira Franco of precious minutes of sleep. Ever since the capital of his state was hit by a wave of kidnappings, he has been waging two battles: one against the kidnappers; the other against the political competition, always eager to profit in some way from these episodes. One way or another, kidnappings are certain to be an issue in the campaign for the governorship of Rio de Janeiro.

Even before he had to deal with kidnappers, while he was still launching sporadic raids on the hillsides of the South Zone and the Rio suburbs, Moreira Franco had gone into battle against his opponents. The first victim of his attacks was his predecessor in Guanabara Palace, Leonel Brizola, whom he accused of having permitted the numbers game and the drug traffic to proliferate in the city of Rio. According to Helio Saboya, former secretary of the Civil Police of Rio during the Moreira Franco administration, "it was between 1982 and 1986—the Brizola era—that organized crime gained strength and established solid bases in the prisons." The Brizolists talk a similar line: "It is obvious that the present government's police force includes those who provide protection to the criminal organizations that operate in this state," says attorney Nilo Batista, who was Brizola's secretary of justice.

The verbal volleys designed to shift the guilt to the opponent may not benefit anyone, but everyone has a chance to score hits against the enemy. More recently, however, Moreira Franco had to concern himself with not giving the competition the glory of the victory over the kidnappers. The abductions kept happening, and the kidnappers remained at large. Minister of Justice Bernardo Cabral took advantage of the lapse to suggest to President Fernando Collor de Mello that he decree a state of emergency, a sort of painless intervention that would enable the federal government to try to solve the cases and catch the kidnappers. Collor would thus add one more exploit to his resume, and tally up precious points in the popularity contest, that he could lend to his own candidates.

Cabral's statement coincided with the reaction—at times blustering—of the Rio police against the kidnappers. Arrests began to be made—within two weeks they totalled more than 20—and encouraged the governor to adopt a more aggressive stance. "The minister's proposal is mere rhetoric," he said. With all the eyes of the press turned toward the kidnappings, he insisted that the state police was equipped to combat "organized crime," a term that had become popular through excessive use. To arrest "members of the Mafia"—another of Moreira's favorite terms—would earn him more prestige than arresting mere hoodlums. On Thursday, 12 July he consented to the risky plan to capture three kidnappers in Paraguay. On Wednesday, 18 July, the governor made another bold move by offering a reward of $10,000 to the police officer who would do the best job of investigating organized crime. The initial victories had inspired the governor to select his Elliot Ness.

Let no one say that the Rio police do not know how to disguise themselves. If they need, for example, to conduct a raid without revealing their true identities and the plan requires crossing the border into another country, then not even the authorities of that country will learn that they are entering foreign territory. No one can recall an action of this type where police took such care with their disguises and succeeded in entering, let's imagine, the United States. From imagination to reality—and reality's name is Paraguay. On Thursday, 12 July, six plainclothes policemen from Rio de Janeiro were arrested in Asuncion along with the men they went there to capture—the kidnap suspects, namely Nilo Cunha, the "professor"; Alberto Salustino, also known as "Chocolate;" and prison guard Alizio Galvao. The Paraguayan government was not informed that the Rio police would be making arrests in its territory. Reporters from Globo Network were detained along with police and kidnappers. It is thought that Globo must have chartered a plane and given the police a ride in exchange for permission to film the operation. The desire to get pictures of the kidnappers can be credited to the so-called reporter's mission. It is not as easy to understand what sort of law enforcement mission inspired in the police the desire to see their work immortalized.

Now back to the land of imagination. Was the government of Rio de Janeiro State so desperate to show that kidnappers are being captured, even outside Brazil by its own policemen, that the principle of every territory's sovereignty was forgotten? Did the "global" images have the effect of transforming an action that was imagined as potentially spectacular into an even more spectacular event? What we do know is that a diplomatic crisis was barely avoided. After the Civil Police of Rio de Janeiro decided to send six of its men to Paraguay, urgent phone calls were placed by Superintendent of the Rio Federal Police Fabio Calheiros to Secretary of the Federal Police Romeu Tuma, who was finally located at the Ministry of Education. Informed of the operation, Tuma contacted a Paraguayan official—Francisco Sanchez, commander general of the Paraguayan police. Another telephone conversation, a pretty tense one. "He wanted me to go to Paraguay in person," says Tuma. "I was on the point of leaving." More prudent in his actions than the Untouchables of the Rio de Janeiro police, Tuma did not hesitate to condemn the action: "There was a breach of sovereignty," he says.

The Revolving Door at Bangu I

In June, 1988, a facility designed to house 48 prisoners considered as highly dangerous by the courts was inaugurated. This is Bangu I—which some police reporters jokingly term "maximum security for those on the outside." In reality, although it may be hard to get out of Bangu I, it is easy to get in. Former Rio de Janeiro Secretary of Justice Tecio Lines e Silva tried to put an end to the revolving doors at Bangu I. He abolished the so-called "jupirao," i.e., extended weekend visits. "Promiscuity was rampant," said Lins e Silva. "Some people came in on Saturday and did not leave until Monday morning." More of an inn and less of a penitentiary, it was easy for a bandit who was free to visit one who was in prison—and so crime began to get organized. At another prison—Frei Caneca, predecessor of Bangu I—the Red Falange even had an office with its own telephone. This explains how Bangu I inmate Francisco Viriato, "the Japanese," was able to act as one of the brains and operations bosses of the Medina kidnapping. Viriato, along with Jose Carlos dos Reis Encina, "Escadinha," and Rogerio Lemgruber, "Bagulhao," was a charter inmate of the prison when it opened two years ago.

Despite the name "maximum security," and the attempts to isolate the leaders of the Red Falange, it is known that they continue to plan criminal actions. When they were transferred to Bangu I, they coordinated, from behind bars, the execution of innumerable inmates of other penitentiaries. Now, they plan and carry out kidnappings using visitors as their middlemen. Really only carrier pigeons, the visitors receive the instructions and transmit them to accomplices on the outside. This was the case with Sueli Bezerra, Escadinha's attorney, disbarred after being charged in several cases with complicity with imprisoned criminals.

Last year, the Justice Department of Rio de Janeiro conducted the first census of the state's prison inmate population. The results showed that of the 8,500 prisoners incarcerated—70 percent of them controlled by the Red Falange—in the various Rio prisons, only six percent are considered to be "high risk." So they decided to build Bangu II, but construction was halted when federal funds stopped flowing. Bangu II really is needed. It would be logical to conclude, however, that the mere building of more prisons will not keep them from becoming veritable general headquarters for criminals, and that the best solution would be to abolish the passport that puts them in cells but leaves their authority out on the streets.

Missing: $1.5 Million

After businessman Roberto Medina had been freed and the amount of his ransom revealed, the Central Bank submitted a bill for $1.5 million. Explanation: there was a difference of $1.5 million between the $4 million released by the Central Bank to the Medina family and the $2.5 million the family paid to the kidnappers. One contradiction immediately came to mind: if the Central Bank releases money to pay ransoms, then why is Minister of Justice Bernardo Cabral proposing a ban on the disposal of the assets of kidnap victims, to make it impossible to negotiate with kidnappers? Another contradiction: if the ransom was $2.5 million, why the transfer of $4 million at the official rate of exchange? On Saturday, 14 July, prosecutor Evandro Barbosa Steele of the 22nd Criminal Court of Rio de Janeiro reported that the judiciary was interested in hearing an explanation of the transaction. "Even if the family did guarantee the return of the money, we need some clarifications," said Steele. "Only then can we be sure there was no irregularity or illegality."

On Friday, 13 July, Federal Deputy Rubem Medina, brother of Roberto Medina, said that the family would return the difference—a step that should really have been taken the minute the businessman was released. The $2.5 million in the hands of the kidnappers and $1.5 million in the hands of Medina's family rekindled the debate on the issue of whether or not it is right to exchange dollars at the official—lower—rate during negotiations with kidnappers. Money was not, however, the only question that was cloudy here. There are other points about the negotiations that have not yet been explained, starting with the negotiator himself—National Secretary of the PRN Juca Colagrossi. He says he entered the case on the request of the Medina family. Maria Alice, wife of the kidnap victim, reports that Colagrossi came forward and volunteered on his own initiative.

After Medina was released, Colagrossi is supposed to have contacted President Fernando Collor de Mello and told him that he [Colagrossi] was being threatened with death—but he did not tell the police about this. There is more: Maurinho Branco, one of Medina's kidnappers, is supposed to have sent Colagrossi photographs of his wife

and daughter on which the heads had been circled, as a warning that they were marked for death. Colagrossi and his family needed protection, i.e., they needed to get far away from whomever had marked them for revenge—although one might ask what would be the motive for revenge, if the ransom had been paid. So Colagrossi lands in New York, as a director of Lloyd Brasileiro at a salary of $12,000 a month. And he lets it be known that he is in New York. So we ask another question: if the death threat were so real, would it not have been more prudent not to publicize his whereabouts? If Maurinho Branco and his organization are such professionals that they can photograph Colagrossi's wife and daughter and send him the photos, perhaps they would not find it too difficult to carry out their cowardly threats even though the intended victims are no longer in Brazil. We have no idea, for example, where the wife and children of Tommaso Buscetta are living; he was the Mafia member who was arrested in Brazil and informed on his organization. The government protected Colagrossi by giving him a job in New York. One wonders, however, why it did not take care to extend him the protection of secrecy.

*** Goals, Risks of New Industrial Policy Viewed**

90SM0199A Sao Paulo EXAME in Portuguese
11 Jul 90 pp 20-27

[First paragraph is EXAME introduction]

[Text] The paternalistic state and complaisant industry have produced alarming levels of inefficiency which the new policy is intended to alter.

An obstinate believer in going against the tide of history, Brazil last week made a kind of about-face in an attempt to swerve off the road to backwardness. The new industrial policy can be described in one word: competition. Considering that no more powerful ingredient for pushing a country forward has been found since the days of Adam Smith, the new policy ought to be celebrated with skyrockets by everyone interested in seeing Brazil not in the vanguard of backwardness but on the path to modernization. Submerged for the past 10 years in successive crises brought on either by higher inflation due to the public deficit or by the choking off of foreign exchange due to payments on its foreign debt, Brazil has been moving backward like a crab. True, it has been helped along by the behavior of most of its firms. They do not invest in technology, do not train manpower, and take no interest in their customers. They worry only about increasing their own revenues, neglect cost controls, and operate with a closed capital structure. They worship profits but detest competition and abominate risk. Obviously, there are islands of excellence which are spotlighted annually in EXAME's "Better and Bigger" issue. But that is the problem: they are islands, not a continent.

Like the steam engine invented by the Englishman James Watt in the 18th century, the model sustaining Brazilian capitalism—the import substitution policy adopted after World War II—has already given everything it has to give. After nearly half a century, it can be said that that model's objectives have been achieved. With more success than other Latin American countries taking the same approach, Brazil has managed to produce within its territory most of the consumer items and intermediate goods it once bought abroad. But like the steam engine, the substitution model no longer drives anything in Brazilian industry. It can be admired as a museum piece but not actually applied unless one wishes to obstruct development and make the consumer's life hell.

In announcing a set of industrial policy measures to be implemented during the current administration's term of office, Minister Zelia Cardoso de Mello, as spokesperson for the new measures, gave the signal for opening up a place in the museum for the substitution model. It is a fact that if the government is successful in carrying out its plan, the setting in which the country's industrial firms currently operate will be turned upside down. "We are promoting a break with the past," says the minister. "Beginning now, we are abandoning quantitative controls on imports, indiscriminate tax incentives, subsidized interest rates, and, in short, everything that characterized the past." Although the exhaustion of the old model was already visible several years ago, nothing had been found to put in its place. That delay has placed Brazil in the uncomfortable position of competing even with such recently industrialized countries as South Korea or Thailand for the title of champion in the world race for inefficiency.

In a study of international competitiveness that was conducted by the World Institute for Management Development (IMD) of Lausanne, Switzerland, Brazil takes next-to-last place in a group of 10 recently industrialized countries. The only country doing worse—but just barely—is India. Brazil scores last in five of the 10 criteria used by the IMD to determine competitiveness: industrial efficiency, dynamism of the financial system, sociopolitical stability, presence of the state, and long-term policy. Combined with the wretched quality of education from the preschool to the university level, those indicators explain why a vehicle produced by Volkswagen in Brazil costs 30 percent more than the same vehicle manufactured in the FRG. They also explain why inputs and raw materials for industry cost much more here than abroad—even in the case of products with which Brazil is considered qualified to compete internationally.

Steel is a typical example. A survey by Fiat shows that considering only its pretax price, a metric ton of seamless steel tubing costs $3,953 in Brazil, compared to $1,479 in Europe—167 percent more. A metric ton of steel bars is purchased by Fiat for $886, compared to the $570 paid by Fiat in Italy—55 percent more. "We suffer terrible cost pressure," says Pacifico Paoli, director-superintendent of Fiat Automobiles. In the opinion of Rudolf Buhler, executive director of the Brazilian Iron and Steel Institute (IBS), there is no difference in production operating costs that would justify such a large disparity in price between Brazilian and European steel.

"The thing that increases the price of our steel is road transportation," says Buhler. The fact is that in one of those absurdities habitually afflicting the country's economic activity, a steel plate sold by Cosipa [Sao Paulo Iron and Steel Company] in Sao Paulo to a shipyard in Rio de Janeiro is not shipped to the purchaser by boat, as would be logical—especially since both the steel plant and the shipyard are only a few kilometers from the wharf at the port in Santos or Rio de Janeiro. Instead, that steel plate climbs the Serra do Mar mountain range in the back of a truck and follows the Dutra Highway to Rio de Janeiro. "Transportation costs account for from 12 to 20 percent of a steel company's billing," says Buhler. "That is more than some of them spend on payroll."

The problem is that transportation by ship is not a solution, either. Loading and unloading costs in the ports of Santos and Rio de Janeiro would amount to something close to $40 per metric ton—five times more than the amounts charged in the port of Rotterdam in Holland. In an attempt to impose a minimum degree of rationality on the transportation sector, the government went so far as to issue a decree stipulating that a certain percentage of iron and steel production must be shipped by rail. But like so many other laws in this country, that decree did not "stick"—the problem is that the rail system did not have enough capacity to provide the service. "By a process of elimination, the only thing left for steel transportation was the highway, even though that sharply increases the price of the product," says Buhler.

In a country that has not invested in infrastructure for years—not since the foreign credit for financing the public deficit dried up—such a situation does not even cause astonishment. But the deficiency in means of transportation is not all. There are many other factors contributing to higher prices in the Brazilian economy. Consider, for example, the case of polypropylene, a petrochemical raw material used in the manufacture of plastics. Whereas one metric ton of that input costs $730 in the United States, it cannot be obtained for less than $820 in Brazil—a difference of 12 percent. In this case, the situation is blamed on the Interministerial Price Council (CIP). For years that agency—whose job it is to help combat inflation—has set prices for the entire petrochemical industry on the basis of records submitted by a very small number of firms—the ones with higher costs. So the CIP's prices have always been higher. "Even firms in a position to lower their final price wound up going along with the CIP standards," says Eduardo Eugenio Gouvea Vieira, manager of chemicals and petrochemicals for the Ipiranga Group. That's obvious. Only a fool would ignore the government's instructions in this case.

But the CIP's unfortunate procedures do not explain everything. As though participating in a comedy of errors, what the council has done is continue a chain of mistakes committed in this country over the past 20 years in the name of a development plan that is directed by the central government and insensitive to the purifying effects of a market in operation. In the case of the petrochemical industry, a mistake was made even when it was being set up. In the three centers established in this country (in Sao Paulo, Bahia, and Rio Grande do Sul), the single-product system was adopted—that is, each manufacturer produces one type of product. "Today there are over 50 petrochemical firms, and most of them have an average annual billing on the order of $100 million," says Gouvea Vieira. "That is a small scale." Very different is the model adopted in the FRG, for example, where the largest petrochemical firms are located. Companies such as Hoechst, Bayer, and BASF bill more than $20 billion annually and manufacture practically every product in the petrochemical chain.

As though problems like that were not enough, the firms in general suffer from a chronic weakness in this country: low efficiency. Industry in Brazil operates at an average productivity level of 65 percent—that is, for each 100 hours worked, the equivalent of 65 hours of products is produced. The other 35 hours are lost time. In the developed countries, productivity is in the neighborhood of 85 percent. Low productivity is synonymous with expensive product—and the one who buys it is the one who pays. "The burden winds up being transferred to the consumers," says business consultant Aldo Fogaca Balboni, deputy chairman of ABS Services, which specializes in improving productivity. Balboni has been working in his field for 11 years and now has about 100 clients. Balboni can cite some of the most frequent cases by heart. Here are some of the examples he cites:

- Having decided to computerize its sales, a firm spent several tens of thousands of dollars on computers, programs, and everything else that seemed necessary. The only catch was that it did not train its salesmen to enter the product codes needed by the computer on their order forms. The orders were filed with the traditional descriptions supplied by the salesmen. Result: the firm had to organize a team of 30 people to "translate" the order forms into the computer's language.
- A firm in the textile industry that is also involved in garment making had a big problem producing jeans. Each seamstress would receive a cart with 10 pieces of clothing for finishing. If there were not enough pockets to complete the jeans, the routine called for sending the full cart back to the start of the assembly line, where the pieces are cut, to have more pockets added. The result of that procedure was that the start of the production line was always congested, thus slowing down the entire process. The simple adoption of production goals, combined with digital control and personnel training, was enough to straighten out the problem. Productivity increased by nearly 30 percent.

"In a closed market like the Brazilian one, firms feel little incentive to think about productivity," says Balboni. That situation was precisely one of the government's concerns when it announced its new industrial

policy, which is characterized by an opening up of the market, although import tariffs will be very high in the initial phase. "Until now, Brazilian firms have seen only the carrot of a captive market," says economist Winston Fritsch of the PUC [Pontifical Catholic University] in Rio de Janeiro, who helped draw up the measures that have now been announced. "From now on, they are going to see the carrot and the stick of international competition." For the best-prepared firms, which already have a significant presence in the foreign market, the blow from the stick will certainly not hurt so much. They are simply recommending that the government show caution so as to avoid sending the nation's industrial plant to the scrap heap. "Opening up to the outside points us in the right direction," says businessman Jose Mindlin, chairman of Light Metal. His firm, which manufactures auto parts, is characterized by its large investments in technology. Every year it devotes at least two percent of its billing to research and development. But Mindlin is worried about what might happen to the average Brazilian firm if it is suddenly exposed to international competition. He says: "The important thing, if we are to avoid a repetition of what happened in Argentina, is that the government must not lower tariffs from one minute to the next."

The government denies any intention of causing another shock in that area. "We have planned a course of gradual reductions so that Brazilian industry can keep its momentum and adapt to the new cost structures with which it will have to compete," says the director of the Department of Foreign Trade in the Ministry of Economy, Jose Artur Denot Medeiros. But those guarantees are being viewed with reservations. "We are on our guard, because this administration has a very clear antibusiness bias," says Mindlin. He finds it strange that an average tariff of 20 percent has been announced for 1994 even though that objective—which is of interest to the firms and governments of other countries—has not been made the subject of an international negotiation in which Brazil would have obtained compensations. "Normally, that kind of trade policy involves negotiations," says Mindlin. "Now that the other countries already know what Brazil's decision is, they do not need to yield anything that would be in our interest."

It is true that the decision to announce the reform of import tariffs was also speeded up by the resurgence of inflation. "When those measures begin to have their effect over the next few months, they will make economic stabilization more viable," says Denot Medeiros. But the national secretary of economy, Joao Maia, denies that there is any direct connection between the announced measures and the fight against inflation, and he cites the case of the textile industry. "We are not reducing the tariff rates to get revenge for the inflation caused by that industry," says Maia. "But the truth is that Brazilian textile products are the most expensive in the world." And judging from a survey by the Brazilian Clothing Association (Abravest), cloth and clothing do in fact cost more in Brazil. A meter of pure linen produced in Italy can be imported for only $12, including duties and other costs. The same product made in Brazil can cost up to $50, or four times as much. A cotton shirt produced in the United States or Europe can be imported for $48. Here, a similar shirt costs $59, or 23 percent more.

The explanation for such price differences varies according to which side one talks to in the textile industry. The chairman of the Sao Paulo Spinning and Textile Industry Union, Luiz Americo Medeiros, casts the blame for high clothing prices on the garment industry, which he says has profit margins ranging from 200 to 300 percent. Just before the new policy on industry and foreign trade was announced, Medeiros was seen in Brasilia carrying suitcases full of cloth around the offices of some of Minister Zelia's chief advisers. In addition to cloth, those suitcases also contained tax bills which Medeiros used to try to prove that the factories associated with his union were innocent as far as the price rises were concerned. He asked the economic team to reduce import tariffs on such raw materials as anilines and other chemicals and on textile machinery, even if similar products were available domestically. He was unsuccessful. "They promised to reduce the import tariffs all along the production chain, but they haven't done so," Medeiros complains. "The conditions are unequal."

For their part, the owners of garmentmaking firms reject the charges made by the chairman of the textile union. On Wednesday of last week, with his bags already packed for an air trip to Europe in search of cloth, the chairman of Vila Romana, Andre Brett, struck back. He said: "Brazilian consumers were paying for the incompetence in the factories." To tell the truth, the garmentmaking industry has no great reason for enthusiasm. Tariffs in textile industry are back to where they were in 1988, before the revision ordered last year by the former Customs Policy Council (CPA). "What we did was anticipate what was already included in the Integrated Sectoral Plan (PSI) approved in 1989," says Denot Medeiros. Ivan Botelho, chairman of Cataguazes-Leopoldina and New America, both of which are Rio de Janeiro firms, says: "There is a lot of confusion about these comparisons with prices abroad. If we did not have competitive prices, we would not be able to export." Botelho's companies sell 10 percent of their production for export under the drawback system.

Price comparisons between domestic and imported products may be inaccurate due to the fact that the cruzeiro is overvalued in terms of the dollar. Any merchandise sold in Brazil may seem more expensive than it actually is, especially if the official dollar rate—now called the floating rate—is used to make the conversion. Economist Jose Tavares de Araujo, Jr., former executive secretary of the CPA and a professor at the Federal University of Rio de Janeiro, has calculated that the average exchange rate of 56 cruzeiros to the dollar in June was the equivalent of half the U.S. currency's value when the Cruzado Plan began in March 1986. Tavares

says: "In that context, opening up the economy and applying the current customs tariff, the maximum rate of which is 105 percent, means stimulating the growth of imports at artificially low prices."

In the economist's opinion, an overvalued exchange rate has a built-in pitfall. "If the government does what it is promising and keeps the floating exchange rate, the pressure of demand for imported goods will force an accelerated devaluation of the cruzeiro, and that will feed inflation," Tavares points out. If, however, the government abandons the floating exchange rate and sticks to a fixed rate in an attempt to avoid inflationary pressures, imports will increase and quickly use up the country's international reserves. If that happens, imports will again be restricted or recession will be allowed to grow worse to force the economy to cut back on its foreign purchases and increase its exports. That would also jeopardize the government's announced objective, which is to promote modernization of the industrial plant, technological modernization, and improved productivity in the firms.

"So far, only a trade policy has been announced, not an industrial policy," says economist Margarida Baptista of Unicamp [Campinas State University]. According to her, experience with similar programs in other countries indicates that the correct procedure is to decide first which sectors of industry will be modernized and then choose the mechanisms for carrying out that policy. "Here they did the opposite. First they announced the means. They promised to announce the objectives 60 days from now," Margarida points out. Economist Winston Fritsch sees another risk in the government's formula for implementing the new measures. By establishing the so-called executive groups for sectoral policy to discuss the granting of credits and incentives, says Fritsch, the economic team is, in a sense, reviving the sectoral councils that existed under the Sarney administration. He says: "It is a risk that needs to be avoided. It would be like the government putting a vampire in the blood bank, because those groups are going to decide the allocation of funds for carrying out the industrial policy."

The government does not accept that criticism. On the question of foreign exchange, the director of foreign exchange and international affairs at the Central Bank, Antonio Claudio Sochaczewski, admits that deregulating imports will force a larger devaluation of the cruzeiro and push rates on the floating market higher. "But if the rate goes up, exporters will be stimulated to do more business. In the end, there will be a balance between the two ends of the market," says the Central Bank director. Because of that, he does not believe that Brazil's international reserves will be affected. "Moreover, there is a limit to the process of rising imports," says Sochaczewski. "It is like tomatoes at the open-air market: you can't buy more than there are for sale."

On the subject of decisions that have been left until later, businessmen and economists draw attention to two more risks. The first has to do with the dumping practices to which Brazilian firms are being exposed as a result of the opening up of the market. Foreign manufacturers might feel tempted to occupy space in the domestic market by destroying the local competition through artificially low prices—prices below their costs. To forestall any possible maneuvers of that kind, the government has established a committee consisting of experts from the Ministries of Economy and Justice that will recommend safeguards for domestic manufacturers. "We are trying to set up simpler mechanisms than those available today for quickly halting dumping practices," says Secretary Joao Maia. "More important than punishing those responsible for such practices is the need to establish mechanisms that will put a stop to irregular practices before they have irreversible effects." The same approach is being adopted in the drawing up of antitrust legislation to stop the formation of cartels in the domestic market.

So except for decisions concerning long-range strategies in the area of trade, the government's industrial policy is still a kind of book with blank pages—a fact that does not prevent some critics from regarding it as harmful to national interests. "It is a standard package, and I am radically against it," says economist Antonio Barros de Castro, a professor at the Federal University of Rio de Janeiro. One of the first well-known economists to come out in favor of the Collor Plan at the start of the current administration, Castro feels that the set of measures announced last week have little connection with an industrial policy worthy of the name. He says that since government intervention is not clearly aimed at redirecting the model of industrial growth, the new measures bear a closer resemblance to other liberalizing programs being carried out around the world. "It is the same formula for eliminating noncustoms barriers along with the other prescriptions included in the neoliberal agenda," says Castro. He considers it important to determine who will be competing with Brazilian firms on the foreign front. "Mainly, they will be the so-called Asian Tigers, which possess crushing competitiveness," he says. According to the economist, another problem to be considered is the situation the Brazilian economy finds itself in as the market is being opened up. "What we have is a prostrate domestic economy, with a new outburst of inflation and a tremendous degree of uncertainty."

While critics exist, there are others who are unstinting in their praise of the decisions announced by the government. Untiring in the defense of its liberal stands, Senator Roberto Campos is unsparing in his applause. "This is the country's only hope for modernization—an industrial minirevolution that must be tested in practice," says Campos. In his opinion, the only risk facing implementation of the proposed policy is the possibility that the demand for dollars for imports will be excessive due to the overvalued cruzeiro. "At first, there will certainly be a significant drop in foreign exchange reserves," the senator points out. "But the government must remain firm and not suffer a relapse." Campos feels that the trade policy as adopted is the best means of

enabling Brazil to participate in the movement toward integrated economies. "The major partner for Brazil will be the United States, and President Bush himself has given indications of that fact," says Campos. He says that to make that integration with the U.S. economy possible (see the inset article [not included]), Brazil will now have to sign the treaty prohibiting nuclear weapons—the so-called Treaty of Tlatelolco. "It is foolish not to sign that treaty," the senator points out. "After all, the Brazilian Constitution itself bans the manufacture of nuclear weapons."

In another area, but also demonstrating concern over Brazil's entry onto the international stage within this decade, the Institute of Industrial Development Studies (IEDI), an organization sponsored by a group of businessmen—among them Paulo Cunha, Paulo Villares, Eugenio Staub, and Ivoncy Iochpe—this week published a document in which it analyzes Brazilian industry's situation and its possibilities for participating in the process of "globalization of the world economy." Without referring directly to the government's proposed industrial policy—even though it was published on Wednesday of last week, after the new measures had already been announced in Brasilia—the document emphasizes industry's need to adapt to the new pattern of development that the world has been following since the second half of the 1970's.

"Firms in the developed countries have been doing more and more of their billing outside their original borders, either as a result of exports or as a result of activities by their subsidiaries abroad," says the document. It was that fact which started the debate currently underway within the framework of the General Agreement on Tariffs and Trade (GATT) for the purpose of harmonizing the rules adopted by various countries in connection with intellectual property and customs tariffs, among other things. "If Brazil wants to have a strong and competitive industry, it must negotiate with a clear awareness of the possible benefits and possible losses for its industry that may result from each item being negotiated," the document advises. Among the consequences of the current GATT negotiations, which are scheduled to be completed by the end of this year, the IEDI draws attention to the three most important ones: the slowdown in the worldwide trade in technology; the difficulty of access to new technologies as a result of the restrictions being imposed on public knowledge of research being done by the firms; and, lastly, the growing tendency on the part of firms to develop joint projects through partnerships.

"In that context, Brazil is at a distinct disadvantage. Measures for developing technology and modernizing the production apparatus that should have been adopted in the mid-1970's have not even been given any thought so far," says the IEDI's document. The businessmen say that to catch up, there are six basic goals which must be achieved: the elimination of inflation, a return to economic growth as a way of maintaining a modern and competitive industry, the gradual opening up of the Brazilian economy to the world economy, a technological strengthening of domestic industry, increased training of manpower to permit real wage increases keeping pace with gains in productivity, and the "stimulation of private enterprise by overcoming the false dilemma of the antagonism between private enterprise and public planning."

The list of tasks which must be carried out in order to achieve the desired modernization makes it clear that the industrial policy is only a beginning and that it will have to go far beyond the reform of trade policy that was announced last week. Unlike the old import substitution model, the new model presupposes the demise of the state which decides for everyone and assigns everyone his task and his reward. If Brazil now wants to abandon its position in the vanguard of backwardness, which brings with it the anachronistic situation of an industry with high costs and low productivity—in a world where the most advanced countries are moving in the opposite direction—a different kind of relationship between state and firms will have to be established. In that model, instead of the government acting as father and master, it is the private sector that will exercise leadership in the development process.

Industrial Shock

Here are the measures already adopted or being prepared by the government to establish a new model of economic development:

- Administrative controls and limitations on exports abolished.
- Import tariffs in the textile sector are back to where they were in 1988. Next year, tariffs in all sectors will begin to be reduced.
- The IPI [tax on manufactured products] on vehicles with a cylinder capacity of up to 1,000 has been reduced.
- The Brazilian content required in government purchases has also been reduced.
- A privately controlled bank of foreign trade will be established.
- Programs have been instituted for monitoring improvement in the competitiveness of firms.
- Laws governing the establishment of cartels and the setting of artificially low prices will be revised.
- The National Code on Intellectual Property will be revised, and patents for the pharmaceutical industry will be recognized.
- A legislative bill revising the protected-market status of the data processing industry will be submitted.

Risks of New Policy

Here are some problems that may hamper the plan for the increased competitiveness and modernization of industry:

- Foreign exchange out of step—The cruzeiro's value in terms of the dollar is overstated by from 15 to 25

percent—depending on whom one listens to in industry—as a subsidy to importers. That being the case, there may be an untenable avalanche of imports even with high customs tariffs.

- Business bankruptcies—This is the danger facing firms in sectors that are currently overprotected or those in which there is a large number of small and medium-sized manufacturers—as is true, for example, in the data processing industry despite the recent trend toward mergers and partnerships among firms.
- Atrophy of executive groups for sectoral policy [GEPS]—These groups, which were established to define the goals and stages of modernization in each sector of industry, may follow the same path as the Sarney administration's so-called integrated sectoral programs. That is, they may turn into pressure groups for the allocation of subsidies and tax incentives.
- Lack of financing—The source of the funds that will finance the modernization of our industrial plant has not yet been announced. Without long-term financing at affordable interest rates, competitive integration will be impossible.
- Gap in education—In their present state, the public and private educational systems are unable to train skilled manpower capable of assimilating new technologies and production methods. The government has not said what the new policy must be or how it will be financed.

Chile

Argentine President Arrives on Official Visit

PY2708185690 Santiago Radio Chilena Network in Spanish 1700 GMT 27 Aug 90

[Text] Argentine President Carlos Saul Menem has arrived in Santiago on a three-day official visit. At the airport, Menem was welcomed by President Patricio Aylwin, his cabinet, the commanders in chief of the Navy and of the Air Force, and the Carabineros Director General.

Army commander in chief General Augusto Pinochet was not at the airport. He was represented by Army Deputy Commander Jorge Lucar.

After reviewing the troops and greeting the Chilean officials, President Menem walked toward the journalists, to whom he addressed a few words. He said that his government is making efforts to promote integration between the two nations.

Concerning the Argentine tariffs, which Chilean authorities consider to be too high, Menem said that he is working to transform the tariff factor into an element that can help integration. Menem also conveyed greetings to the Chilean people:

[Begin Menem recording] Well, I want to convey my permanent affection. I just said to my friends, my brother journalists, that I am in my land. Chile is also may land. Here in Chile I feel as if I am Chilean, just like in Uruguay I feel Uruguayan and in Brazil like a Brazilian. This is the meaning that I attach to Latin American integration. [end recording]

An embrace, a loving embrace, the president added.

Menem is accompanied by a delegation of some 80 persons, among whom are the ministers of Economy, Education, and Foreign Affairs, and a group of the presidential guard of the Casa Rosada in Buenos Aires.

The Argentine President is now meeting with his Chilean counterpart at La Moneda Palace.

Colombia

President Gaviria Discusses Constituent Assembly

PA2608162990 Bogota Radio Cadena Nacional in Spanish 1243 GMT 24 Aug 90

[News conference by President Cesar Gaviria with local reporters and unidentified moderator at the Narino Palace in Bogota—live]

[Excerpts] [Passage omitted] [Moderator] Radio Cadena Nacional Correspondent Antonio Jose Caballero will ask the next question. National Newscast [Noticiero Nacional] Reporter Vicente Silva will ask the question after Caballero.

[Caballero] Good morning, Mr. President.

[Gaviria] Good morning, Antonio Jose.

[Caballero] You just mentioned the new rights that are to be consecrated in the new constitution. How will the guerrillas benefit from these new rights in the future Colombian constitution? Will this sector be represented in the Constituent Assembly? I understand three positions have been set aside in the Constituent Assembly for the guerrillas. Second, how are your relations with or how do you feel about Colombian writer Gabriel Garcia Marquez participating in the Constituent Assembly? It seems contacts have already been made and pertinent documents have been sent to him.

[Gaviria] I will start with the last question. Garcia Marquez could undoubtedly be a Constituent Assembly member. We have made changes in the requirements to be a member of the Constituent Assembly. Originally, three years of experience as a university professor was required to be a Constituent Assembly member. We have modified this. Now the requirement is three years of university studies at a local or foreign university. We hope Garcia Marquez will join the Constituent Assembly, as his presence at this forum will benefit the country.

Regarding armed rebel groups, the situation has been clear from the start. We have been working with two representatives from each of the rebel groups currently

demobilizing. These groups will be represented at the Constituent Assembly if the demobilization process advances satisfactorily. The country's political forces have also allowed me to include representatives from new rebel groups willing to demobilize. The groups that really want to further the peace process will have rightful representatives at the Constituent Assembly. In addition to these projects and as we cannot possibly forecast the development of the peace process, we have established the possibility of having spokesmen if it is true that we can at least establish in principle a peace process with these armed rebel groups. We want to turn the constituent assembly into an instrument of reconciliation. We are hopeful it will become an instrument of reconciliation, like I told segments of the population who abide by the law, but question and protest daily events in Colombia and feel mistreated and discriminated against.

We also want to turn the Constituent Assembly into an instrument of reconciliation with rebel groups. They have been included in the Constituent Assembly, and this gives them the opportunity to peacefully struggle for their ideas.

The world has undoubtedly changed. Colombian democracy has changed and today it has become a pluralistic democracy, with the participation of a former rebel in the cabinet. Today, Colombia is undoubtedly a pluralistic country. It cannot be argued that segments of the population have no access to power or have no opportunities in the political arena. The enormous success experienced by the Democratic Alliance M-19 [19 April Movement] is a demonstration of pluralism in Colombia. There is no longer a pretext for rebels to continue the armed struggle by arguing that they have no opportunities to defend their ideas by peaceful means.

The world has changed drastically. Today democracy is in vogue, and the armed struggle is a thing of the past. All over the world, the armed struggle has collapsed. There are reconciliation processes underway in every country of the world. All rebel groups from other continents and countries are beginning to lay down their weapons because the only road to institutional change is the democratic road. We hope that Colombian rebel groups will consider this. Perhaps, after being in the jungle for so many years, they have become isolated from the winds of reform and change. [passage omitted]

[Moderator] Now Jairo Gomez of Caracol Network has the floor. Jairo Tarasona of RCN [Radio Cadena Nacional] will ask the next question.

[Gomez] Good morning. Mr. President, why are the people being asked to summon the Constituent Assembly if they already did on 27 May? It has been said that the decree the government is going to issue will no longer be a political fact, namely the 27 May summons, and will turn into a legal fact; therefore, there is the danger that the court may rule this decree to be inapplicable.

Second, an agenda has been established. On what basis will the candidates win the support of Colombians if, like I told you, there is an agenda already in place?

[Gaviria] Jairo, the situation is as follows. The candidates already have a specific agenda. However, this agenda is open to all proposals that Colombians wished to make and I am confident that, in the measure that Colombians learn this agenda, visualize its broad spectrum, and understand that all proposals are suitable for discussion, they will have a greater awareness of the importance of the Constituent Assembly. I am confident that from now to December 10, we all should comprehensively discuss the contents of the agenda and its possibilities for promoting institutional change in Colombia.

Jairo, what was your first question?

[Gomez] My first question was: Why are the Colombian people being asked to summon the Constituent Assembly on 9 December?

[Gaviria] We have tried to abide by a 27 July court ruling that came as a result of the Colombian people's decision on [changes thought] as a result of a decree that made it easier for the Registry to count votes in the 27 May elections in favor of this proposal to convene a Constituent Assembly. The government simply issued rules to allow the Registry to count slips by which the Colombians will vote for or against a proposal. Should they approve it, they will be electing the members of the Constituent Assembly.

We have tried to establish a procedure based on historical precedents. You might wonder: Why not reach a political agreement? The special mechanism used in 1957 was based on a political agreement that led to the reestablishment of the legal state and led to the 1957 plesbicite. We believe that a political agreement and the people's opinion must be part of this institutional change.

I know that some people would have preferred the president of the Republic to have made all these decisions without the participation of political groups. I believe that such a procedure is invalid. I believe the norms that we will issue must at least be the result of an agreement of the political forces that participated in the 27 May elections and that represent much more than 90 percent of the people.

I believe that Colombians want a president to lead and guide them, but they do not want him to make all the decisions having to do with this Constituent Assembly in an authoritarian manner. I believe that the political agreement and the relative consensus we have reached with opposition groups—with groups comprised of leftist forces of Colombian life, such as the M-19 Democratic Alliance—constitute important support mechanisms for this political agreement that will allow us to convene a Constituent Assembly.

We are establishing a special procedure to change our political constitution. The source of the norms that will guide it cannot be exclusively determined by the president of the Republic. They must somehow be at least the result of an agreement among the nation's main political forces.

[Moderator] Jairo Tarazona of RCN will ask the next question, and Jesus Garzon of Cinevision newscast will be next.

[Tarazona] Mr. President, good morning. To prevent the proliferation of lists, a number of requisites have been announced. Among them is that each candidacy must be supported by at least 10,000 citizens or a 5 million peso bond. Many popular sectors believe that this measure to a great extent prevents broad participation. How can we prevent powerful groups, drug trafficking groups, or other kinds of groups from gaining access to that assembly because of their economic power or their manipulation of this requirement?

[Gaviria] I would say that we run this kind of risk every time we hold elections. This is not a risk that we will specifically run in convening a Constituent Assembly; it is inherent to the consultation of the people's will. However, the March and May elections made us realize that the people are much wiser than we think. They were able to carry this democracy forward amid bombs and bullets; they were not intimidated and made the democratic decisions demanded by the situation. I am really confident that the people will have the sufficient criteria and wisdom to chose good citizens and not bad citizens or citizens who have acted outside democratic paths or resorted to crime as a form of behavior.

I am confident in the attitude of the citizens and I am sure that they will act maturely in the 9 December elections. Qualified Colombians who will help us carry out the task of changing our institutions will be participating in those elections.

As for the restrictions, I would say that they are the consequence of the national constituency. In the election of 70 people, and in keeping with our country's political tradition of the proliferation of lists—that any three citizens may register a list at the Registry and subject it to the voter's consideration—in keeping with our tradition, the number of lists could reach 500, 700, or 1,000 should we not establish restrictions.

Without those restrictions, it would be difficult to deal with the national constituency from the standpoint of administration, vote counting by electoral representatives, and the work that the Registry must do in listing the top candidates of each list to help the representatives count the ballots.

Although the national constituency is an important achievement, we must restrict the registration of lists to ensure that the constituency is appropriately managed. In fact, I believe that this must not only apply to this constituent assembly, but also to the future. This will be stated in a bill that we will submit to the Congress. We must restrict the registration of lists to ensure that we also use ballots in the election of public institution officials.

A ballot can be used to allow citizens to choose between eight, 10, 15, and 20 options. However, when those options—as is often the case in public institution elections in certain regions and cities—involve several dozen candidates, it is very difficult for the voters to make a decision. They also face invalid options that at times simply represent two or three unhappy citizens. A democracy cannot operate in this manner.

Citizens should only have to deal with valid options and with political institutions that are a true electoral force. However, to force all the social and electoral organizations to include the names of two or three people just because they decide to run—even if they only obtain one or two votes—is a sort of privilege that only serves to interfere with the democratic system. This does not happen in any country in the world except in Colombia. It is a misguided interpretation of suffrage which goes beyond the defense of democracy and which does nothing except hinder the modernization of the electoral system. We must move toward the use of ballots to elect officers to public institutions. This means that the number of voting lists must be restricted and that the options citizen have to consider should be true and proper. These options should have the backing of signatures and the economic capacity to win an election. They should not carry proposals that will win only three, five, or seven votes, or even one or no votes—as so often occurs. [Passage omitted]

[Moderator] Juan Carlos Martinez, Circuito Toledar.

[Martinez] Good morning, Mr. President.

[Gaviria] Good morning, Carlos.

[Martinez] The guerrilla's participation in the Constituent Assembly will depend a lot on government criteria and discretion. People frequently ask themselves what is meant exactly by the term demobilization? What should the guerrillas do to allow them to take part under these conditions?

[Gaviria] Yes, I believe the question makes a lot of sense. Indeed, the idea behind this Constituent Assembly is for these armed groups to find the opportunity to reenter Colombian civilian life and to participate in the design and establishment of new political institutions. If we manage this, we will have won the main goals we set for ourselves. However, the idea is not for the guerrillas to sit there as guerrilla groups to take part in designing institutions or to negotiate the design of a new institution. No, these armed groups must feel that democratic ways are the ways to change Colombian society. The idea is for these armed groups to join a peace process and show not only a will for peace, but establish sufficient guarantees that they will indeed demobilize. The idea is that once they earn the right to take part in a constituent

assembly, they will not go back to their guns. No one expects them to fully live among us when the Constituent Assembly takes effect. What we must be sure of in order for them to have a right and a representation in the Assembly is that there is a real guarantee that they are going to abandon their weapons. The idea is not for them to take part in the Constituent Assembly as an armed group. No, the only persons who will take part are those who adopt peaceful and democratic ways within Colombian society. Those who insist on the armed way cannot take part in the Constituent Assembly because it is a democratic way. We must defend democracy as the only instrument that can change Colombia's way of life and move it ahead. It can enable us to seek justice, peace, and a way of life together. Colombians must commit ourselves to rejecting violence and the armed way. The armed way is nothing more than the way of violence. Violence has run out in Colombia and everywhere. Violence no longer exists. There are no groups left in this world who believe that society may be changed by armed movements. Armed movements only serve to promote violence and those who promote violence are wrong. The only way to change our society is through peaceful means such as the Constituent Assembly. The conviction is that Colombia's path to democracy and peace is the path of the peaceful institutional change and not the armed way. They are not reconcilable and they can not take place simultaneously.

[Moderator] Juan Carlos Martinez from Todelar has the floor. Marta Toro from Televisa is next.

[Martinez] Good morning, Mr. President.

[Gaviria] Good morning, Juan Carlos.

[Martinez] I remember that while you were president-elect, the Colombian Government started to discuss the formation of the Constituent Assembly. At that time, you said that you were not pleased with the Congress' participation in the discussions of the Constituent Assembly. You even disagreed with its participation in the creation of the Constituent Assembly. What made you change your mind? What did the legislative branch do to succeed in participating in the discussions of the Constituent Assembly? Was there any kind of negotiation to prevent the Colombian Congress from legislating in a parallel manner on a draft constitution?

My second question concerns the rumor that the new Colombian attorney general will not be a member of the ruling party. Would you make the initial step of choosing an attorney general from an opposition party?

[Gaviria] I think that those who have stated that the Congress has suddenly been linked to the Constituent Assembly issue have not really read the 2 August agreement and have failed to follow this entire debate throughly. Norms establishing that the Congress can present bills to the Constituent Assembly are included in the 2 August agreement. Those norms were not created this week or yesterday; nor are they the result of any negotiation. They have always been contained in that agreement. We have, in fact, limited the rights granted by those norms. Instead of letting all congressional committees present bills, we have granted these rights exclusively to a few of them. But because we established that restriction, we also decided to allow groups of 10 parliamentarians to present bills under the same terms as the various social forces.

Therefore, this is nothing new or unheard of. The topic had already been raised, having been included in the agreement of 2 August. Most probably some diligent people have not taken the trouble to read the agreement and suddenly someone made a comment, giving rise yesterday to a rumor whose intensity was absolutely unwarranted.

This was done completely in the open. The matter was included in the agreement of 2 August. In addition, I feel this is a good, sound mechanism that is worth defending. It is not the result of any compromise. The Congress has important contributions to make to these constitutional amendments. Many of the matters on the agenda deal with topics that have already been discussed and reviewed. They were included in the foiled constitutional reform of 1979. They have been embodied into issues that have been discussed and reviewed at Congress.

I want to point out the reasons why we have reached the point where we feel that our institutions are so obsolete and so old. The responsibility does not simply fall on Congress. It is simply that reforms plans have fallen through. Save for the election of mayors, there has not been a single institutional change in Colombia during the past 22 years because the Constituent Assembly of 1977 was declared not feasible; because the 1979 reforms were declared not feasible; because subsequent efforts at constitutional reform—like those made last year, which failed after having undergone a first reading in 1988—did not succeed because of difficulties of a political nature.

Institutional change has been impeded and that is why we have to resort to a Constituent Assembly. Not only that, but this is a democratic reaction of Colombian citizens. However, not only the social forces and the citizens, the Congress also has this in mind. The Constitutional Assembly will discuss the reforms and it will approve them if it feels they are viable and it will not approve them if it finds they are not. However, we will not abide by any notions that the Congress cannot propose reforms. The Congress can also submit proposals and will propose matters to the Constitutional Assembly under terms that will be stipulated in the rules and regulations, just like they will be set for the social forces. They will be adopted or rejected by the Constitutional Assembly without any pressures.

A spokesman will be appointed to defend the bill, to defend the reforms. He will defend the viewpoints and the Constitutional Assembly will wisely make a decision. This is a sound mechanism. However, what we cannot

decide is whether any proposal emerging from the Congress is valid or relevant. Most likely, good proposals will originate there, and most probably other proposals will originate there, too, but I am absolutely certain the latter will not be approved by the Constitutional Assembly.

[Moderator] The question is: Will the Presidency of the Republic launch an informational, educational campaign to inform Colombians about the Constituent Assembly? The president will respond.

[Gaviria] Of course, we still have pending the drafting of a proposal on the participation of political and social forces in the media, the government's contribution to campaign financing, and a whole series of new mechanisms to modernize, which have... [changes thought] that are beginning to help modernize our electoral and political systems, which this time must serve a mechanism for promoting the citizens' participation. We are going to work on these matters during the coming weeks. In due time we will be in a position to make decisions to develop these mechanisms in a more general way so as to encourage the citizens to participate. Moreover, this participation must be a conscientious participation. Citizens must be aware of the impact of their decision when they vote because it would undoubtedly be very useful to have a Constitutional Assembly with a high degree of legitimacy resulting from a large participation by the citizens in the elections of 9 December.

[Moderator] The question will be raised by (Jesus Apiz) of LA PRENSA while Raul Gutierrez of 24 HORAS gets ready.

[(Apiz)] Mr. President: There has already been a response from the FARC [Revolutionary Armed Forces of Colombia] and the ELN [National Liberation Army] about the concrete fact that they were not invited to participate in talks about... [changes thought] in the dialogue preceding to the issuance of the decree. They have said that Colombia is now experiencing a sort of dead calm and that they can resume operations on all of their fronts at any time, if they have actually not done so. Will the government respond militarily to the attitude of these guerrilla groups?

[Gaviria] Well, no. The government will not allow itself to be intimidated and cannot act under threat. It would cause great harm to the institutions if it did. We have been open and receptive at all times. I believe in political solutions. I am not saying this only during this news conference. I have said it out throughout my entire election campaign. I said it also during my inaugural speech.

Of course, I did not think that whole process would be paralyzed in order for us to learn the opinion of those groups. These past weeks we have been waiting to hear opinions. We waited for the rebel groups to point out clearly that they are prepared to forsake violence and we listened to their opinions in those terms. However, we are not willing to negotiate the process with sectors in Colombia that are armed and have not expressed the resolve to surrender their weapons. The process will not be negotiated with those who are not willing to abandon their armed struggle. This must be clear and definite.

We are willing to recognize the full rights of the rebel groups. However, before we do this, they have to be willing to end the armed struggle. They have to state that they are willing to end the armed struggle. They have to give us assurances that they are going to end the armed struggle.

This is what is really important. The desire of the rebels to exchange their viewpoints with the government is not important. No, this is not important. The important thing is that if the rebels want to participate in this process, they have to state their willingness to end the armed struggle. They have to say that they believe in democracy and peaceful means and that they are willing to participate in this process, provided that we offer them guarantees, which we are willing to do.

This process cannot stop simply because one of the rebels gives his opinion. We want them to do more than give their opinion. First, we want to know if they are willing to end violence, the armed struggle, and various activities that have turned into terrible criminal activities. For example, the rebel attack against (Carton de Colombia) in the Cauca Department is a criminal and vandalistic attack, which would be condemned anywhere in the world. This type of attack cannot be justified on the basis of political struggles. Terrorist attacks such as vandalism and the ecological destruction of the Zapatosa swampland that destroy the national wealth and adversely affect Colombia cannot be defended based on political struggles. [passage omitted]

[Unidentified reporter] Who are the justices of the peace? Will they be elected by the people, namely, will the people have a say in their appointment?

[Gaviria] Listen, in Colombia we need the judges to not only administer justice, but also to carry out legal functions with some guarantees, and limitations.

In Colombia, we have to appeal more to reconciliation. We cannot believe that every minor neighborhood dispute or every disagreement among the tenants of a building has to be resolved by a judge with a lengthy trial—which results in a very costly justice system because of the use of lawyers—without any possibility of the government settling such disputes by means of the justices of the peace. In these cases, the justices of the peace should render their decisions based on their principles and fairness rather than on the law. By doing so, they will propose solutions and encourage the parties to reach friendly agreements.

We do not have to go to court for every minor dispute or police case. Many countries have devised processes, even popular election processes, to select community leaders, who will try to to settle minor problems through reconciliation and dialogue. Therefore, based on social realities, we cannot take every case to court, because this

would not help our justice system. It will not help solve the problems of the community. These types of cases and problems are always unresolved and often turn into violent cases. People resort to violence because there is no authority to reconcile and administer justice. Justice cannot be administered only by the law. Justice can also be based on one's principles and fainess.

[Moderator] Carlos Augusto (Villeta) of Colmundo Radio has the floor now. Carmen Elisa Montano of Radio Sucre will have the next question.

[(Villeta)] Good morning, Mr. President. You are now talking about justice. However, in convening the Constituent Assembly to reform the democratic institutions, many sectors of lesser importance, like the Indians, are protesting because they feel that they are not represented. Taking into account that the Constituent Assembly has not yet issued a document and that these political forces will vote against the document on the 9 December elections, how will you face this type of problem?

[Gaviria] Yes, I realize that there are segments of Colombian society that would have liked to reach the assembly by their own right. I know that democracy and popular elections have flaws. However, both have fewer flaws than other systems. If we handpicked the members of the Constitutent Assembly and if we assigned a member to each sector, this would lead all segments of Colombian society to believe that they should participate in the Constituent Assembly in their own right.

In doing so, we would be leaving citizens out of the process of deciding who should be in the Constituent Assembly. We would be favoring political organizations that have absolutely nothing to do with democracy. This situation does not bring back pleasant memories.

Everyone feels that he has a right and of course everyone has a right to become a member of a group of this nature. Unfortunately, the only way that they can do this is by submitting their names for consideration to the people, participating in this process, and being elected. There are large organizations with many affiliates and members. There are social forces and other kinds of groups that they can get involved in. These people should submit their candidacy to the people, mobilize the citizens, and enter the election. There is no other way to reach the Constituent Assembly.

As for the Indian organizations, I believe that this is one of the most valid aspirations. We have examined their situation and considered the possibility of creating a special electoral zone for them, but we faced many problems like the identification of Indian groups, competition among them, and other problems that led us to conclude that the best option is to have them nominate candidates and seek ample support among Indian organizations to elect members to the Constituent Assembly.

Although the M-19 insisted on many occasions that we consider the Indian proposal, when it came to finding a practical solution within the popular election system, we were unable to find a sufficiently valid one. We always returned to the popular election method as the only valid way to reach the Constituent Assembly. We made a sole exception in the name of peace, reconciliation, and our hope that the guerrillas would return to peaceful life. The exception is that members of guerrilla groups will have access to the Constituent Assembly if they give up their armed struggle.

[Moderator] Carmen Elisa Montano of the Super newscast has the floor. Fabio Callejas of Caracol Network is next.

[Montano] Mr. President, good morning. My question is how will the National Constituent Assembly be convened if there is a large number of Colombians who do not know for whom or why they will vote. A specific case is the Cauca Indians, who do not know why the Assembly has been convened.

[Gaviria] Yes, this is a process that involves the political challenge of teaching many citizens. Many citizens are aware of this and proof of this is that more than 5 million voted on 27 May, and they voted with knowledge because the voting involved ballots. However, a large number of Colombians still do not know about the Constituent Assembly.

We have between now and 9 December to teach them. The media has a very important role to play in this regard. Social leaders and other types of leaders have a very important role to play in creating awareness because this is part of what Colombian democracy should be. There is not enough awareness about our nation's problems or about the ways to overcome them.

We must teach the citizens that the democratic means, these instruments, with all their imperfections, are the best instruments that our people have for tackling our nation's problems and finding methods that will truly help them.

[Moderator] Fabio Callejas of Caracol Network has the floor. Eduardo Marquez of CROMOS magazine is next.

[Callejas] Mr. President, good morning. How important is the human rights aspect of the Constituent Assembly's agenda? In Colombia people feel that their rights are not being respected. There are abuses by the authorities and the armed forces; peasants are massacred; and the results of investigations conducted by the Prosecutor's Office are not revealed. How will this be handled and what about the results of human rights investigations in Colombia?

[Gaviria] This is undoubtedly the main issue that the Constituent Assembly will have to address. The most important thing that this Assembly can do is to work on the human rights issue. Our Constitution says very little about such rights, in comparison with other constitutions. The only important change made regarding human

rights in the 1886 Constitution were the new rights included in the 1936 amendments.

However, after 1936, many new rights, which must be mentioned in the Constitution, have emerged here and throughout the world. Moreover, there must be automatic mechanisms and other types of instruments in place to protect those rights. This is the main task of the Constituent Assembly. It must work harder, be more creative, and make greater efforts to include those new rights in the political constitution and create efficient mechanisms to enforce them.

Including those rights is the main reconciliation instrument of the Constituent Assembly. This is where we will find sectors that are commonly called the establishment in Colombian society and where we will find rebellious and opposition sectors trying to enforce respect for those rights.

This is the main point of convergence that Colombian political and social forces of all persuasions have in their reconciliation with each other, to realize that they share common things, and to give strength and validity to this democracy.

[Modertor] Eduardo Marquez of CROMOS magazine has the floor. Arturo Menendez of EL NUEVO SIGLO is next.

[Marquez] Mr. President, when the conclusions of the Constituent Assembly are ready, how will the people vote? Will there be a consensus or will they vote separately on the various issues under consideration? And also, Mr. President, does the application of a national constituency instead of the regional constituency not mean that assembly members will be elected mainly in the large urban areas?

[Gaviria] The assembly places all citizens on an equal footing. This could affect the representation that certain regions have traditionally had in the Congress, but not because certain regions will be left unrepresented. I do not believe that this will happen. However, we will not have the exact composition that the Congress has.

I believe that this is important, but not essential. What is important to me is that the citizens who are elected have national interests in mind because they will be tasked with amending the political constitution. Regional issues will be discussed with certain restrictions under the departmental and municipal portion of the agenda. This is so because of the kinds of changes that the country needs and because the institutional changes it needs have much more to do with national rather than regional problems. Regional problems do exist, but the main expression of national problems is the nation itself. The vote of each Colombian will have an equal footing in the election of Constituent Assembly members. Of course, we all agree that the Congress should have a majority and that a vote from Guajira should count more than a vote from Bogota, as is the case in congressional elections. In this case, the vote of any Colombian will be worth the same. I do not think that this is bad. The criteria for the national constituency has allowed us to link many social forces and many minority segments which under the regional constituency would have had no possibility of reaching the Constituent Asssembly. [passage omitted]

[Moderator] Bernardo Colmenares of Colprensa has the floor. Juan Roberto Vargas of the Melodia Network will be next.

[Colmenares] Mr. President, minutes ago you said that it is essential that rebel groups who want to participate in the Constituent Assembly give guarantees that they will indeed surrender their weapons. But what guarantees can we ask them to give? What kinds of guarantees must be given by the FARC and ELN, which have been invovled in the armed struggle for more than 20 years?

[Gaviria] The same kind of guarantees that the M-19 gave. The kind of guarantees that the EPL [Popular Liberation Army] is offering now and that the PRT [Revolutionary Workers Party] and Quintin Lame Commando Unit will be giving soon.

They need not use the same mechanisms; they can use different ones. For us it enough that they give sufficient guarantees that they will not participate in the assembly and return to the armed struggle the next day. This would make no sense; it would render our efforts useless. I do not see how this could contribute in the attainment of peace.

[Moderator] Juan Roberto Vargas of Melodia Network will ask the next question.

[Vargas] Good morning, Mr. President. You just mentioned the guarantees and the process for the rebel groups who have shown a willingness to demobilize and rejoin the civilian life of Colombia. However, you have not touched on the topic of the Extraditables. Several times they have announced their willingness to rejoin civilian life. What guarantees and procedures are provided for them to do so? What would be demanded of them if they decided that they wanted to join the National Constituent Assembly?

[Gaviria] Of course, if they have cases pending with Colombian justice, they cannot aspire to the Constituent Assembly because the law does not permit it. That would be totally out of the question. As it has been reiterated many times, what they can do is bow to Colombian justice. Of course, if at a given moment the government sees fit to allow them to submit to the action of the courts, well they can submit to the action of the courts. Any Colombian can submit himself to the action of the Colombian courts. I have not abandoned my policy on this issue. I do not think there should be any political negotiation on this. I do not wish to negotiate on this issue.

[Moderator] Marta Camargo of Radio Santa Fe asks the next question.

[Camargo] Mr. President, in the 2 August agreement it was decided to exclude the topic of abrogating article 120 and also to analyze separately the possibility of an opposition statute. According to the latest dialogue, why was the decision on Article 120 changed?

[Gaviria] Let me see if I can recall quickly what happened. The government proposed within the agenda of the Constitutional Assembly to abrogate article 120 and to create a statute for the opposition. One of the conservative sectors, the National Salvation Movement [MAS], expressed its wish that the abrogation of the article be included. They wrote a letter, which I recently submitted to the Social Conservative Party, arguing that the constitutional guarantees were not enough for them. The MAS said that it had to be sure that legal provisions would be provided before agreeing to the abrogation of article 120. All of the political forces agreed to abrogate article 120.

Finally, we reached the formula that is set forth in the agenda. Let us say that it conciliates both positions. Basically it states that the abrogation of the article must occur at the same time that the opposition statute is created, but the abrogation of the article will not happen until the legal guarantees are given. Therefore, in practice, the article will not be abrogated until the constitutional guarantees are legally in place. Both the abrogation of the article as well as the creation of the opposition statute will be voted on by party. Therefore, we have found a formula that is satisfactory for all the political forces. I truly hope that in the Constituent Assembly it will be possible to establish the opposition statute and abrogate the article within a period that will hinge on the legal developments of the opposition statute

[Moderator] This is the end of the news conference.

Government-EPL Peace Talks Successful So Far

PA2708222290 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 27 Aug 90

[Text] Colombian Chamber of Representatives member Diego Montana Cuellar will be the spokesman for the so-called Popular Liberation Army [EPL] within the commission that will prepare the formation of the constituent assembly.

Montana was chosen as EPL spokesman during a three-day meeting between the EPL General Command and Presidential Peace Adviser Jesus Antonio Bejarano in Pueblo Nuevo, Uraba Department.

Presidential peace adviser Jesus Antonio Bejarano said today that the EPL is willing to demobilize and join the country's civic life. According to Bejarano, over the weekend the government and the EPL agreed to continue meetings within the dialogue process. They also agreed to concentrate all EPL rebels in nine camps that will be located in Cordoba, Antioquia, Santander, Viejo Caldas, and Bolivar Departments.

Similarly, the guerrillas and the government agreed to form four bilateral commissions that will study the definitive aspects of reincorporation of the armed groups into the country's civic life. Full compliance with those agreements will allow the EPL to participate in the national constituent assembly.

[Begin Bejarano recording] The EPL is willing to rejoin the country's civic life. Its leaders have repeatedly expressed that willingness. It seems to me that, generally speaking, these agreements will be fulfilled within a relatively short period of time. [end recording]

The government and the EPL have confirmed their willingness to hold more meetings within the dialogue process and to trust that there will be a political solution to the armed conflict.

EPL To Disband, Return to Civilian Life

PA2808024790 Madrid EFE in Spanish 0110 GMT 28 Aug 90

[Text] Bogota, 27 Aug (EFE)—Presidential peace adviser Jesus Antonio Bejarano announced today that the Colombian Government and the Popular Liberation Army (EPL) have reached an agreement whereby the insurgent group will be disbanded.

The agreement constitutes a first step toward the EPL's joining civilian life, Bejarano said in Bogota following his return from a region in Cordoba Department, in the northwestern part of the country, where he met over the weekend with the EPL Command.

The adviser to President Cesar Gaviria said that at the meeting with EPL leader Bernardo Gutierrez in Juan Jose, 900 km north of Bogota, it was agreed that the group's members would gather at nine camps throughout the country within 15 days.

The camps, which will be managed by the government, will gradually be merged until the guerrillas have rejoined civilian life.

Bejarano added that the EPL's decision to rejoin civilian life could be interpreted as proof that they are convinced that the armed struggle has become anachronistic, and that there is no longer any room in the country for guerrillas, because the democratic confrontation of ideas is more productive.

The government and EPL have asked the Catholic Church to provide moral and spiritual guidance during the dialogue process that began in July, and they have announced the creation of five bilateral commissions that will deal with such issues as political aspects, regional development, the study of violence factors, and camp operations.

Meanwhile, Bejarano has announced that the government will send a bill to congress requesting amnesty for FPL members and that they be allowed to resume their involvement in politics.

The Maoist group emerged in 1967 and in 1984 signed a truce with then President Belisario Betancur, which was broken two years later following the murder of several EPL members, among them spokesman Oscar William Calvo.

Establishes Second New 'Peace Camp'

PA2708190390 Bogota Inravision Television Cadena 2 in Spanish 0100 GMT 27 Aug 90

[Text] The EPL [Popular Liberation Army] has installed a second peace camp in Juan Jose, southern Cordoba Department. EPL Commander Bernardo Gutierrez and presidential peace adviser Jesus Antonio Bejarano visited the camp on 25 August. Here is a report by journalist Elsa Otero:

All kinds of transportation were used by the residents of 24 nearby villages to arrive at the ceremony to officially establish the EPL peace camp. High-ranking leaders of the EPL, including Commander Bernardo Gutierrez, Commander Marco Jara, head of the Cordoba regional staff, and Commander Rafa, arrived at 0900 with a member of the Presidential Advisory Peace Board from Pueblo Nuevo, in Uraba, Antioquia Department, where they decided along with new peace adviser Jesus Antonio Bejarano to establish eight new EPL peace camps in the country.

[Begin Gutierrez recording] This is an extremely important step in a region affected by various types of violence. We hope this will be a beacon of hope for Cordoba Department because I think peace in Cordoba means peace in Colombia. [end recording]

Folk dancing and musical groups gave a festive air to the ceremony at the camp, where it is hoped decisions will be made to obtain the demobilization of a guerrilla group for the second time in Colombia.

[Begin Jara recording] The cattlemen, merchants, and everyone can be sure that we are not going to carry out any more kidnappings. If kidnappings do occur, we will contribute to putting a stop to this problem, which is also an expression of violence. [end recording]

Father of Medellin Cartel Leaders Arrested

PA2808050290 Paris AFP in Spanish 0402 GMT 28 Aug 90

[Text] Medellin, Colombia, 27 Aug (AFP)—Official spokesmen of this city of the Colombian northwest, the second largest in the country, reported on Monday night that Fabio Ochoa, father of three of the main members of Pablo Escobar's drug cartel, has been arrested by police.

Ochoa was apparently arrested with his wife and 50 workers at his ranch, Las Lomas, in the suburban town of Envigado, south of Medellin, added the sources, who did not provide any further details on the reasons for the arrest.

According to incomplete versions gathered by the press, two helicopters were involved in the operation with plainclothes personnel, supposedly assigned to the Administrative Department of Security (DAS).

Ochoa, a well-known horse breeder, is the father of Jorge Luis, Fabio, and Juan David, who are accused of forming the organization's high command.

Jorge Luis Ochoa, who avoided being extradited to the United States from Spain several years ago, and who was sent to Colombia where he escaped, is apparently the number-three man in the cartel, and the authorities currently offer half a million dollars for his capture, while for Pablo Escobar they offer $1 million.

Fabio Ochoa has been arrested on two or three occasions in the past and then set free when no proof was found of his involvement in the illegal activity of which his sons are accused.

ELN Action, Clash With Army Troops Reported

PA2708132390

[Editorial Report] Bogota Inravision Television Cadena 1 in Spanish at 0100 GMT on 20 August carries a brief report on the take-over by the ELN [Army of National Liberation] of the town of Puerto Antioquia, Antioquia Department, on 19 August. The report adds that the rebels "cut communications, kidnapped cattleman Carlos Restrepo Uribe, and fled after damaging the road with dynamite."

Bogota Inravision Television Cadena 1 in Spanish at 1730 GMT on 23 August carries a one-minute report on an explosion of a cocaine laboratory in Ansermanuevo, Valle del Cauca Department, which killed five persons and injured four.

The station adds that two ELN rebels were killed during a clash with the Cartagena Army Battalion troops on the road linking San Andres de Sotavento with the Chinu municipality in Cordoba Department.

* Deterioration of Economy Under Barco Viewed

90SM0208B Bogota EL ESPECTADOR in Spanish 15 Jul 90 p 15-a

[Article by EL ESPECTADOR editorial staff]

[Text] Bogota—The Gaviria administration will have to change course sharply in handling public finances and the economy in general if it wants to prevent the country from being completely destroyed by the maelstrom of unemployment, inflation, stagnation, plummeting sales, and a standstill in construction and business.

While government officials insist that things are moving along just fine, industrialists, bankers, merchants, workers, farmers, and exporters are complaining about the serious monetary, exchange-rate, wage, fiscal, and social imbalances.

The unrest is not just domestic, though. Relations with international banks are poor. Private lending institutions

are still reluctant to grant the nation new loans on their own, and the International Bank of Reconstruction and Development (IBRD), or World Bank, refuses to reschedule the $2.5 billion that it is owed.

Yet it is not all the administration's fault. The breaking of the International Coffee Pact, the drop in oil prices, guerrilla attacks on the pipelines, the fall in the overseas prices of several export items, and above all, narcoterrorism are striking heavy blows at the country's economic structure.

No administration in recent history has turned over power under such obvious conditions of stagnation, unemployment, and rising living costs.

These conditions, which have gotten worse in recent months, overshadow such important accomplishments as the tax, agrarian, and financial reforms, which ended the government's anachronistic relations with taxpayers, peasant farmers, and savers.

Not only is it easier to pay taxes now, but it is also more difficult to evade them. Moreover, no land is "untouchable." Even the estates of ministers can be seized by INCORA [Colombian Institute of Agrarian Reform]. Banks are more efficient than in the past but are still too small, as all of their money put together is not enough to finance a medium-sized development project.

The urban reform was another episode. Although it is theoretically a far-reaching social reform, so far at least it has just frustrated the members of the lower class who lack a roof over their heads, because not a single dwelling has been built for them in almost two years.

Poverty Persists

Barco did not make good either on his big promise to eradicate extreme poverty. He chose to pay our foreign debts punctually rather than boost spending on housing, health care, education, and the protection of families, children, and the elderly.

Thus, between 1984 and 1989, according to official figures, government social spending dropped by 1.8 percent of the gross domestic product. There was less money to improve people's living conditions and more money to meet commitments to foreign banks.

The nation's obligations to the international financial community became a major obstacle to the implementation of official programs. Some $3 billion in principal and interest was paid out every year to foreign creditors.

The money that arrived from overseas had to be allocated primarily to make up for deficits in the balance of payments and to pay off debt-related obligations. By and large, spending to eradicate poverty became marginal.

Actually, macroeconomic policy was not consistent with the priorities of Barco's Social Economy Plan. Spending on projects for the community was sacrificed to the demands of foreign banks.

According to observers, the new administration is faced with a major challenge: reconciling the goals of stabilization and growth with those of social progress.

Cost of Living: Bad

As for the cost of living, things did not go at all well for the Barco administration. To cite just one example, 1988 will unquestionably go down in history as the year with the highest inflation of the decade: 28.12 percent.

What is really serious is that the rate only edged down to 26.12 the following year and was 28.89 percent for the June 1989-June 1990 period. In other words, during this four year period inflation was always far above 24 percent.

A review of the figures shows that in 1986 the cost of living rose 20.95 percent, largely because of the policies pursued by the administration of Belisario Betancur.

The price of the family shopping basket rose so much that not even with recessionary measures was the Executive Branch able to bring the increase down to an "acceptable" level of 20 percent a year.

While inflation spiraled higher, the authorities failed to implement "shock" programs and instead decontrolled the prices of most industrial goods and settled for boosting public-service rates, wages, and fuel prices at a pace similar to the rise in the cost of living.

In other words, they gave the indexing of the economy their blessing. Inflation became inertial because the price of everything went up in step with the numbers that DANE [National Administrative Department of Statistics] releases monthly. It is very difficult to halt this process, as the administration itself has acknowledged.

In this regard, the Gaviria administration is facing a complicated challenge.

First-half Inflation Under Belisario Betancur and Virgilio Barco

Betancur

Period	Rate (percent)
June 1982-June 1983	20.4
June 1983-June 1984	15.7
June 1984-June 1985	22.45
June 1985-June 1986	13.4

Barco

Period	Rate
June 1986-June 1987	24.81
June 1987-June 1988	30.27
June 1988-June 1989	23.63
June 1989-June 1990	28.97

Source DANE

This table shows how Colombians' cost of living rose appreciably under the Barco administration compared to the Betancur administration.

Interest Rates Sky High

Since the monetary authorities chose to rein in the money supply to control inflation, the financial sector was often hit by a cash crunch and, consequently, cut back on lending to the production sector.

Interest rates, which reflect the cost of money, remained high and "skyrocketed" in the waning days of the four year period.

When the talk in 1985 was that banks and financial institutions were charging up to 42 percent interest on loans, everyone became alarmed and the authorities proceeded to take control of them to prevent abuses.

They let them go some months later when they realized that interest rates were high because inflation was out of control.

It is not at all unusual now to find commercial finance companies, financial institutions, and banks attracting funds with real interest rates of up to 41 percent a year.

It is not alarming either now to see a one year loan carrying an interest rate of 52 percent or an overdraft costing 56 percent a year.

By and large, prices are rising across the board, the root cause being the imbalances in supply and high finance costs.

No Colombian who can add and subtract would leave his money in a bank or other institution paying less than 30 percent a year, which is about the inflation rate.

A Few Extra Dollars

Amid severe criticism of the handling of the foreign debt, Colombia's obligations to international banks rose by $3.013 billion during the four years of the Barco administration.

Total indebtedness rose from $14.987 billion to $18 billion. Annual interest payments increased from $1.284 to $1.6 billion, while principal payments jumped from $1.084 to $1.9 billion.

Here lies the explanation of cuts in social spending. Some 48 cents of each dollar in export revenue has to be earmarked to pay the foreign debt.

While payments to foreign banks rose over the past four years by $3.013 billion, export earnings were up by just $1.163 billion.

In the opinion of critics, the country has gained nothing by maintaining its reputation as a "good debtor," because the countries that are at odds with the banks, such as Argentina, Brazil, Mexico, Venezuela, and the Philippines, among others, have gotten better terms and more breaks under the so-called Brady Plan.

Barco pursued the same strategy as Betancur, taking out fresh loans to pay off the ones falling due. Such a strategy causes heavy wear and tear on members of the economic team, inasmuch as the finance minister spends most of his time overseas trying to convince the banks to grant the country new loans.

The most worrisome thing of all is that the Gaviria administration has announced that it will continue along this path.

Indicators of Total Foreign Debt

(in billions of dollars)

Item	1986	1987	1988	1989	1990 High	1990 Low
Exports	5.331	5.255	5.340	5.962	6.494	6.113
Reserves	3.478	3.450	3.794	3.867	3.944	3.760
GDP (dollars)	34.942	36.188	38.880	39.037	—	—
Interest	1.284	1.425	1.420	1.464	1.600	1.600
Principal	1.084	1.383	1.734	1.892	1.900	1.900
Servicing	2.368	2.808	3.154	3.356	3.500	3.500
External debt	14.987	15.663	16.434	17.272	18.012	18.012

1990 projection by Center of Economic Research

Epilogue

For all of the above reasons there are several worrisome black marks on the Colombian economy as the four Barco years draw to a close: low growth, rising unemployment, and a standstill in trade and foreign investment, to mention just a few. This is why Gaviria must change course radically, or else the lurching ship of state will eventually founder. [Box, p 15-a]

Coffee in Trouble Too

Bogota—If we are to judge by the trend in foreign-exchange earnings from overseas coffee sales, our conclusion is that coffee, like the economy in general, is in

trouble too as the Barco administration draws to a close. Especially without the Coffee Pact.

In 1986 Colombia took in $2.3366 billion from the export of 11.4 million bags. A year later, even though a similar amount was shipped out, foreign exchange earnings declined 35 percent to $1.577 billion.

Thanks to an upswing in foreign prices in 1988, when 9.8 million bags were exported, we took in $1.4637 billion.

Last year and this year coffee prices have fallen much more steeply as a result of the scrapping of the Coffee Pact on 3 July 1989.

We should recall that the scrapping of the pact has been attributed to the failure of the Barco administration's diplomacy and to the lack of a more aggressive policy in this regard.

In 1989 earnings fell to $1.3577 billion, even though 10.8 million bags of coffee were exported.

During the first six months of 1990, according to figures from the Federation of Coffee Growers, $718.9 million flowed into the government's coffers from the sale of 7.9 million bags. The country is expected to lose some $250 million this year owing to the plunge in coffee prices.

Coffee output has been variable during the Barco administration. First it rose to 13 million bags in 1987 and then dropped to 11 million last year.

This year it is expected to hit 12.5 or 13 million bags, thanks to the renewed-planting policy that the federation has put into effect.

The problems that are in store for Cesar Gaviria in the coffee industry are not at all simple ones. Now that Brazil has decided not to sign a new pact until it consults exporters, merchants, and everyone involved in the industry, and until it totes up the coffee in its warehouses, there will most likely be no talk of export quotas until the end of 1991, if then.

For the time being, in light of the decline in foreign exchange, we had better tighten our belts.

Coffee Industry Figures Under the Barco Administration

Year	Total Export Earnings	Coffee Earnings	Total Coffee Exports	Stocks in Almacafe	Coffee Production
	in billions of dollars		in millions of bags		
1986	3.7951	2.3366	11.381	8.589	10.712
1987	3.4708	1.5175	11.238	7.756	12.974
1988	3.8408	1.4637	9.787	8.168	11.811
1989	4.2874	1.3577	10.826	6.798	11.066
1990 (as of 30 June)	2.2705	718.9	7.911	5.161	6.6167

Source: National Federation of Coffee Growers

Gross Domestic Product Over the Past 8 Years

Betancur administration	Year	Growth
	1982	0.90
	1983	1.60
	1984	3.40
	1985	3.10
Barco administration	1986	5.10
	1987	5.40
	1988	3.70
	1989	3.07

Source: DANE, National Planning

When President Barco took office in 1986, economic growth stood at 5.1 percent, largely because of the policies of his predecessor. By the end of 1989 the figure had fallen to 3.07 percent and is expected to be similar this year. [Box, p 15-a]

Exports Show Their Face

Bogota—One of the Barco administration's successes was the growth in exports, and not just in coffee, oil, and coal, but in nontraditional items as well.

After six straight years of red ink in our trade balance, starting in 1986 and continuing today, Colombia's exports have exceeded its imports.

This year, in fact, overall exports are up seven percent. This is quite a bit when we bear in mind that after the International Coffee Pact was scrapped prices plunged and earnings from coffee exports declined accordingly.

Unemployment

Meanwhile, unemployment hit 10.07 percent last June. This is substantially lower than in December 1986, when the rate stood at 12.5 percent. Nevertheless, the goal of cutting it to 10 percent was not achieved.

Industry began recovering as the administration ended. The production sector, which went through a severe recession in 1989, recovered this year and wound up posting growth of one percent.

During the first four months of 1990, industry, including the stripping of parchment from coffee berries, grew at a rate of 9.5 percent. If we leave this activity out, the growth was 6.26 percent.

The industry's average growth for the 1986-88 period was 5.3 percent. The year 1989 saw the aforementioned slump, and this year the production sector is once again recovering from these recessionary symptoms.

Ecuador

Guerrilla Group Suspends Peace Dialogue

PA2808045290 Paris AFP in Spanish 0412 GMT 28 Aug 90

[Text] Quito, 27 Aug (AFP)— The former Ecuadoran subversive group, Alfaro Lives, Dammit! (AVC), announced on 27 August that it has suspended its dialogue with the Ecuadoran Government.

In an official communique, the group criticized the government for giving the AVC the same treatment it gives "politickers full of selfish interests," and added that the talks with the regime have been "suspended." The AVC emerged in the beginning of the past decade, but the group, especially its hierarchy, was practically exterminated between 1985 and 1986 during conservative Leon Febres Cordero's regime.

"Our movement's hope for a final peace agreement, the surrender of weapons, and a return to civilian life seems further away every day," the AVC said.

The group, which had announced that it would surrender its weapons to Andean Parliament and Socialist International commissions, maintains that "it will not resume the negotiations with the government as long as the government fails to prove its expressed and irrevocable resolve to hasten this process and successfully conclude it."

The AVC had conditioned the surrender of weapons on the establishment of a national dialogue which, it says, has not been fulfilled.

Peru

* Drought Affects Provinces; Forecast Uncertain

* State of Emergency Declared

90SM0204A Lima EL COMERCIO in Spanish 15 Jul 90 p A11

[Text] A total of 57 provinces in the northern, central, and southern regions of the country have now been declared drought disaster areas and this week will begin to receive aid from the National Civil Defense Institute and Caritas of Peru.

General Jorge Ferreyros, head of Civil Defense, said a government order has made his institute responsible for the logistic administration of all aid to zones affected by the lack of rain.

He said he would hold meetings in the days ahead with representatives of Caritas of Peru to formulate an aid program making it possible to relieve the serious situation now affecting inhabitants of regions hard hit by the drought.

Ferreyros repeated that Civil Defense personnel are now leaving the northeastern region of the country, where it had sent brigades after the 29 May earthquake.

He said the necessary aid had been provided and added that it is now up to each ministry and government agency to do its duty, handling problems covered by the respective areas.

Ferreyros said that National Civil Defense Institute personnel will now begin to provide assistance to the many residents affected by the drought, which has caused such great harm to agriculture.

The head of Civil Defense said three tons of medicines had been received on Friday, mainly consisting of antibiotics, donated by the Brazilian Government and to be distributed to areas in northeastern Peru affected by the earthquake.

The aid, worth an estimated $65,000, arrived on a Brazilian Air Force plane and went to Air Group No 8. The delivery was made to the military attache of the Brazilian Embassy in Peru, Colonel Fernando de Almeida.

Civil Defense will deliver the drugs to hospitals in Rioja, Moyobamba, and clinics in districts affected such as Soritor, La Habana, Nueva Cajamarca, and others.

Ferreyros announced that on Wednesday, another shipment of aid will arrive for earthquake victims, consisting of sheet metal worth $200 million donated by the Interamerican Development Bank.

* Weather Service Comments

90SM0204B Lima EL COMERCIO in Spanish 10 Jul 90 p A3

[Text] No one can make safe predictions about the weather, much less whether the spring will bring the rainfall needed to remedy our shortage of water and electric power, SENAMHI [National Service for Meteorology and Hydrology] general inspector Jose Garcia Pena said yesterday.

He also said there was absolutely no relationship between El Nino phenomenon and the more recent changes in climate causing a widespread drought in the mountains.

In contrast, he said that for the past six months constant oceanic and atmospheric indicators have been recorded that would not seem to indicate we are facing an El Nino situation. Such a phenomenon definitely did not exist in late 1989 and early 1990.

He revealed that SENAMHI's data were obtained using mathematical simulations and that research continues based on such models. He noted that the indicators in question continue to exist. He also recalled that between 1987 and 1988, the data did in fact indicate a weak or moderate El Nino phenomenon. At that time, the behavior of indicators was somewhat erratic.

Garcia Pena said the rains will theoretically come in September or October, but that no one can say for sure whether it will rain in the mountains. Nor did experts predict the drought without precedent in the climatological history of Peru that we are now experiencing.

The recent SENAMHI report on the monitoring of El Nino also indicates that the next rainy season is uncertain. The most recent analyses point to irregularity in tropical circulation systems.

Low temperatures prevailed in our territory during the month of June, facilitating the entry of residual fronts during the first two weeks with rainfall throughout the mountains and forests.

Similar weather is expected in July with light rain in the mountains and prevalent meteorological freezes.

The analysis also indicates that the beginning of the next rainy season depends on the presence of the El Nino phenomenon, whose appearance is likely this summer.

The likelihood will increase if favorable indicators evolve in July and August. Consequently, the beginning of the rainy season will be irregular in distribution as well as in frequency.

SENAMHI said it will continue to monitor atmospheric conditions and issue timely reports on any changes that occur.

* Gas Shortages Seen Affecting Outlying Regions

* PETROPERU Admits Shortage

90SM0203A Lima EL COMERCIO in Spanish 6 Jul 90 p A6

[Text] The risk of a fuel shortage still exists and could grow even worse, according to the PETROPERU [State Petroleum Agency] Supervisors Association, which announced that oil reserves and production have dropped alarmingly.

In an news release, the Association indicated that the decline has caused PETROPERU to import an average of 900,000 barrels of crude oil and refined products a month during the January-May 1990 period.

It added that for about a year, PETROPERU has been unable to maintain an inventory level enabling it to meet domestic demand for liquefied gas, gasoline, kerosene, and diesel fuel.

The Supervisors Association says that the shortage on 2 July was approximately 820,000 barrels of fuel at the company's distribution plants and refineries based on optimum inventory levels.

The bulletin adds that the difficult economic and operational situation has resulted in a postponement of timely maintenance of PETROPERU facilities, with the resulting operational problems.

It warns that the shortage may grow worse as long as the Central Government does not completely modify its energy policy and provide PETROPERU with the necessary resources enabling it to face and overcome the acute crisis.

* Impact on South

90SM0203B Lima EXPRESO in Spanish 16 Jul 90 p 12

[Text] Contradicting what the government and the national enterprise PETROPERU claim, there is a fuel shortage throughout the interior. One has but to leave Lima, which is fairly well-supplied and thus conceals the national situation, to confront reality. In the south, for example, gasoline and oil pumps in the city of Chincha frequently run dry. In Pisco and particularly Ica, lines at the pumps are often 10 or more blocks long, causing consumers an enormous waste of time.

In the case of Ica farmers, the situation is causing intolerable harm. The river has gone dry because of the drought and farmers now depend solely on well water, but since there is no oil or gasoline, they cannot use well pumps and cannot irrigate.

Nor is this a new phenomenon. It has existed for weeks or even months. The recent increase in the price of fuel has not helped the situation at all, demonstrating that the shortage has nothing to do with an alleged speculation on the part of station owners, but rather, an undeniable shortage. Political manipulation of PETROPERU rates means there can be no repairs at refineries, for which reason production has dropped substantially.

The situation has truthfully never been worse in Peru.

* Northern Cities Affected

90SM0203C Lima EL COMERCIO in Spanish 5 Jul 90 p A8

[Text] Although the fuel supply has for the most part returned to normal in Lima, the same is not true in the

interior, says the president of the Association of Service Stations and Pumps of Peru, Pedro Martinez Carlevarino.

He attributes the problem to PETROPERU, saying the company is not complying with its assigned quotas.

He said that Tumbes, Trujillo, and Chiclayo do not have 84 octane gasoline and that only 95 octane is being sold. The same situation exists in several smaller places in the north and south, where the distribution of fuel is restricted.

He said there is also a gas shortage in Cuzco and that the problem is more serious in areas outside the imperial city such as Calca and Chincheros.

Martinez explained that this is due to the fact that the scant existing supply is distributed in provincial capitals and that towns in the interior are left with nothing.

"Since Lima is the capital city, demand is covered here in order to give the impression of normality, but the real situation is something else," he emphasized.

The president of the Service Station Association called on authorities to resolve restrictions that are causing users discomfort.

"We are asking them to tell the truth because we are the ones directly hurt, inasmuch as consumers think the scarcity is due to hoarding," he added.

He said that if fuel is stored illegally, as officials have indicated, it should be reported so that those responsible may be punished to the full extent of the law.

He added that in inspections conducted by personnel from the Economic Crime Investigative Division and the General Hydrocarbons Directorate, none of his members had received warnings for hoarding.

Martinez rejected rumors pointing to pump owners as gasoline hoarders directly responsible for the shortage.

Owners cannot speculate, he said, since fuel cannot be hidden with tanks out in the open.

The pump owners' representative expressed his satisfaction with the order issued by the prefecture that PETROPERU should again supply gasoline to ten pumpers being punished by the company.

"The national company has fortunately complied with legal provisions and we expect a legal resolution of this injust sanction imposed on our members in the days ahead," Martinez said.

He said PETROPERU had not renewed its contract with ten pump owners, claiming mismanagement of the stations, then halting gasoline supplies to them within a matter of weeks. This caused owners to initiate legal action.

Venezuela

Evacuation of Citizens in Kuwait Aborted

PA2808025990 Madrid EFE in Spanish 0055 GMT 28 Aug 90

[Text] Caracas, 27 Aug (EFE)—An operation to repatriate approximately 40 Venezuelans who live in Kuwait that was scheduled to take place on 23 August had to be cancelled after the border between Iraq and Jordan was closed, a Venezuelan Foreign Ministry communique reported today.

The communique states that that the government has asked the Red Cross and the Red Crescent to establish how many Venezuelans who live in Kuwait wish to leave that country, and to organize a new operation with the assistance of friendly countries and the Iraqi Government.

The operation would provide for the transfer of Venezuelans by land to the Jordanian capital, Amman, where they would board a plane of Polish carrier (LOT) that would take them to Warsaw.

Jorge Daher Daher, Venezuelan ambassador to Poland, arrived in Amman during the week of 19 August to coordinate the details of the aborted evacuation.

Only Jose de Jesus Osio, Venezuelan ambassador to Kuwait, his family, and a diplomatic attache have been able to get to the Turkish border and cross into Turkey through the town of Diyabarkir.

The Foreign Ministry communique includes a list of Venezuelans who reside in Kuwait, some of whom have expressed their desire to remain in that country.

Guyana

Commonwealth Team To Visit, Discuss Elections

FL2708141590 Bridgetown CANA in English 1348 GMT 27 Aug 90

[Text] Georgetown, Guyana, Aug 27, CANA—A Commonwealth secretariat team will visit Guyana September 5-8 for preparatory discussions of plans to send a mission to observe forthcoming general elections here, the office of the president announced at the weekend.

The three-member delegation, led by Commonwealth Deputy Secretary General Sir Anthony Siaguru, will hold discussions with government on the terms of reference of the planned mission and will meet opposition parties and other interest groups. The team is being sent by the

Commonwealth secretary general in the wake of a request by Guyana's President Desmond Hoyte that the Commonwealth mount an observer mission for national elections, constitutionally due by March, 1991.

Hoyte's invitation followed persistent demands from the political opposition for international observers at elections here, which have for years been marred by allegations of rigging. The government, in a surprise move earlier this year, introduced legislation empowering the president to invite observers. Minority parties opposed the measure claimed it left the selection of observer missions solely in the hands of the president, himself an election candidate.

The Commonwealth previously sent an 11-member observer team to then British Guiana in 1964, to oversee elections which ended in the unseating of a People's Progressive Party (PPP) government by a coalition of the People's National Congress (PNC), in government since, and the United Force (UF), now in opposition.